THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

February 1, 1941

Shanghai Anxious Over Threat of U.S. Freezing All Foreign Funds in America

S.M.C. Chairman Shot

Hull Enrages Matsuoka

Japan "Intervenes" in South

Two Versions of Fourth Army Affair; Gen. Chiang Denies Internal Strife

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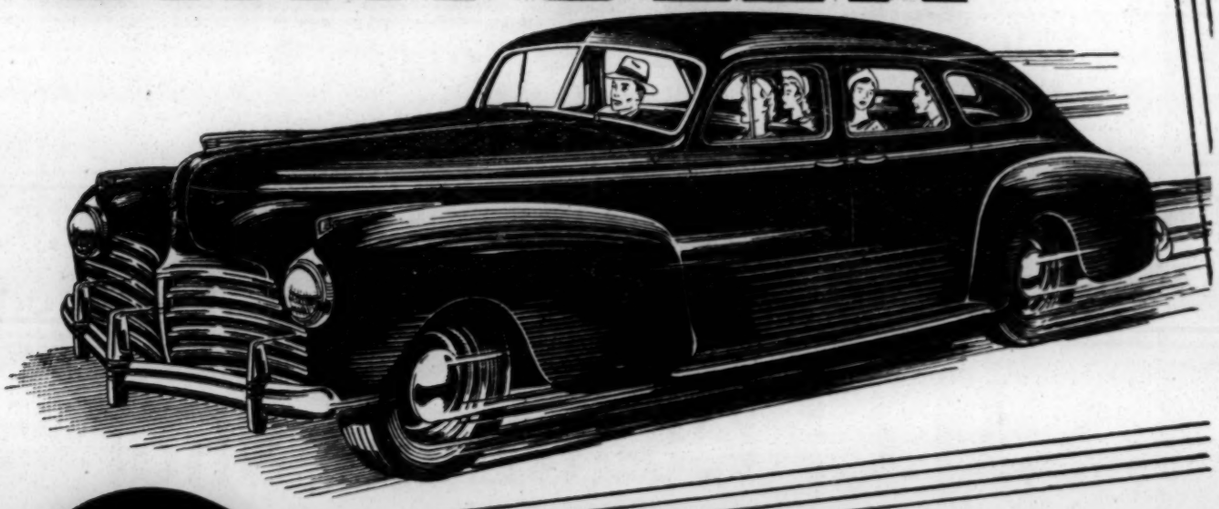

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

MAGNA CARTA: FACTS AND FALLACIES

To the Editor:

I can never read the Pollyanna effusions of your Book Reviewer "W.B." without being reminded of Peter Pan, "the boy who would never grow up", and his comments on the Magna Carta which appeared in last week's **"Review"** certainly add another tin medal to his present glittering collection.

The mild admission that this law has "worked out far from perfectly must have cost terrific effort!

One of the "far-carrying phrases" referred to is that "to none will we deny the law, to none will we delay the law, to none will we sell the law, justice and right".

Coming down from high flown sentiments to brass tacks may I be permitted to quote a recent specific instance with which all your readers are familiar and which was fully reported and commented upon editorially in your esteemed journal and ask "W.B." whether the terms of the Magna Carta I have indicated are applicable thereto?

The case in point was the detention of four Chinese suspects arrested during the Summer of 1939 in the Tientsin British Concession for the alleged murder of the puppet Customs Commissioner and their subsequent surrender to the Japanese military.

Would "W.B." say that even in these "democratic" times the "farcarrying phrase" referring to DELAYING the law was even feebly enforced?

As far as I could judge at the time the editorial opinion of the Review was more in accord with the viewpoint I have indicated than that of "W.B."

As to the opinions of the authorities be quotes being "realistic radicalism to counter the romanticism, perfectionism and quixoticism of our times" may I suggest that the exact contrary is the case and their whole trend encourages loose and unscientific thought.

Reference to A. L. Morton's **"PEOPLE'S** History of England" reveals the subject in a very different light (although such a title may be distasteful to "W.B.").

"Magna Carta has been rightly regarded as a turning point in English history, but almost always for wrong reasons. It was not a 'constitutional' document. It did not embody the principle of no taxation without representation. It did not guarantee parliamentary government, since Parliament did not then exist. It did not establish the right to trial by jury, since, in fact, the jury was a piece of royal machinery to which the barons had the strongest objections.

What it did do was to set out in detail the ways in which John had gone beyond his rights as a feudal overlord and to demand that his unlawful practices should stop. It marked the alliance between the barons and the citizens of London by insisting on the freedom of merchants from arbitrary taxation. In other ways, as in its attempts to curtail the power of the royal courts, the Charter was reactionary. And, while its most famous clause declared that "No freeman shall be taken or imprisoned or disseised or exiled or in any way destroyed, nor will we go upon him or send upon him except by the lawful judgment of his peers and the law of the land", the second word excluded from any possible benefit the overwhelming mass of the people who were still in villeinage. Later, as villeinage declined, this clause took a new meaning and importance."

For students who would like to pursue this subject further and study the workings of the system at the present time may I recommend the brief but lucid analysis entitled "English Justice," by "A Barrister," obtainable at the Municipal Library.

It might further interest your Chinese readers to note some aspects of English social conditions during the period under consideration and compare them with other examples.

Up to late in the Middle Ages the language of the ruling class was Norman-French which was related to the official and ecclesiastical language, Latin, while the language of the common people was Anglo-Saxon.

A somewhat similar set-up existed in China under the Manchus and also in Czarist Russia for a considerable period and is extent in Occupied China whilst in the field of economic exploitation the facts speak for themselves.

"BOW BELLS"

Shanghai, Jan. 26, 1941.

AMERICA'S POLICY AND THE BILL

To the Editor

Following Mr. Roosevelt's January 6 speech to Congress condemning strongly the aggressors, we se that he declared three points of American policy in foreign affairs, namely: 1.—By an impressive expression of public will without regard to partisanship, the United States was committed to all-inclusive national defence. 2.—The United States was committed to full support of all those peoples everywhere who by resisting aggression were thereby keeping the war away from the Western Hemisphere. 3.—The United States was committed to the proposition that principles of morality and considerations of her own security would

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

J. B. POWELL, *Editor and Publisher*

C. FRANK GLASS, HOH CHIH-HSIANG, *Assistant Editors;*

C. Y. W. MENG, S. T. HSIEH, *Correspondents.*

F. K. CHAO, *Business Manager* TRYPHON V. KU, *Advertising Manager*

JAMES Y. M. WU, *Circulation Manager*

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PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, THIRTY-FIVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN; ADD $3.00 TO COVER EXTRA POSTAGE TO HONGKONG, SOUTH SEAS FIFTEEN DOLLARS STRAITS CURRENCY. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917. BY AIR-MAIL TO CHUNGKING AND ELSEWHERE IN WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE, INCLUDING POSTAGE, IS $51.00 A YEAR OR $26.00 FOR A HALF-YEAR.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATION PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

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never permit her to acquiesce in a peace dictated by the aggressors and sponsored by appeasers.

Further, the American Government has again sent to Congress a bill including the following: 1.—That President Roosevelt be empowered to contract the purchases of ships, tanks, guns, and planes to be turned over to the British, Greeks, and Chinese through the War and Navy Departments. 2.—That he may enter into agreements with the embattled democracies for repayment in kind, either through replacements of materials after hostilities cease or in raw materials. 3.—That the armaments destined for democracies may be withheld by the United States in event any of them quit the war.

From these above-mentioned facts, we know that America will never appease the aggressors but will answer their challenges with practical actions. She is going to hasten action for assisting China, Britain, and Greece. She has prepared to stay her Asiatic fleet in the Pacific and take every possible steps to protect her interests and rights.

America's present policy to the aggressors is that she helps those democracies which are resisting aggression. On the other hand, she prepares herself with sufficient defence. China, as well as the other nations in Europe, is fighting aggression, and we hope that the combined democracies will distinguish what is right and wrong and join us to sweep the obstacles aside. Thus a real new world order may be re-established and the liberty of all peoples be preserved.

MU WEN-FU

Chungking, January 15, 1941

NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, January 30, 1941

Demand selling rate on New York: U.S.$1.00—Sh.$18.60

Demand buying rate on New York: U.S.$1.00—Sh.$18.18

Demand selling rate on London: £1.0.0—Sh.$71.11

Demand buying rate on London: £1.0.0—Sh.$69.18

AMERICAN STOCK AND COMMODITY QUOTATIONS

January 29, 1941

STOCKS

Amer. Locomotive	14⅝
Amer. Waterworks	6½
Anaconda Copper	25
Bethlehem Steel	82½
Chrysler	65¾
Elec. Bond & Sh.	3⅝
Gen. Motors	43⅝
Goodyear T. & R.	18
Gt. Nthrn. Rly., pfd.	26¼
Lockheed Aircraft	24½
Mont. Ward	36⅝
N. Y. Central	13½
Texas Corp	37½
U. S. Steel	64½

COMMODITIES

New York Cotton, Mar.	10.31/31
New York Rubber, Mar.	19.61B/64A
New York Hides, Mar.	12.66/66
Chicago Wheat, May	82⅞/82¾
Chicago Corn, May	61⅞/61¾
New York Sugar, No. 4, Mar.	0.73½B/74½A

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密勒氏評論報

中華郵政特准掛號認為新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China

Vol. 95 Shanghai, Saturday, Feb. 1, 1941 No. 9

JAPANESE TRY TO KILL KESWICK WHEN THEIR TAX PLAN FAILS

LONG smouldering animosity on the part of local Japanese residents, aggravated by agitators and military elements, resulting from frustration of their attempts to obtain control of the International Settlement, reached a tragic culmination at the special meeting of taxpayers on Thursday (Jan. 23) of last week, which was called for the purpose of voting on a proposal to increase taxes in order to cope with the present abnormal financial crisis.

The meeting, attended by 2,084 local residents, representing 13,066 votes, was held in the open grandstand, facing the track, at the Race Club. The proposal, drafted by the Municipal Council, was to levy a 40% surcharge on the Land Tax, Municipal Rates and Special Rate, from Jan. 1, 1940, and a general increase of license fees. The Japanese, through their Ratepayers Association and Amalgamated Street Unions, composed largely of small retail merchants, strongly opposed the Council's proposal and, through their Chairman, 70-year-old Yukichi Hayashi, sponsored a counter-proposal to meet the situation with loans.

Still smarting from their overwhelming defeat last year when they tried to increase their Municipal Councillors to a point where they would be able to control the local administration, the Japanese attended the special meeting in a sullen frame of mind. This was evident in their manner and general attitude as they entered the section reserved for them almost enmasse.

In accordance with long established custom the Chairman of the meeting was the Senior Consul, who, through seniority, was Poul Scheel, Danish Consul-General. The fact that Mr. Scheel's home country has been taken over by Hitler, and in consequence, he has no legal standing here, was ignored by the Settlement authorities, who insist upon following 'ole custom established nearly three-quarters of a century ago when the International Settlement was largely open country and the local foreign population was small and everybody was acquainted and—there were no Japanese here.

It was partially due to Mr. Scheel's bungling in connection with calling for a vote on the Japanese amendment that trouble developed, due to the inability of the Japanese to understand his statements when the question was stated to the voters. According to the account in *The China Press*, the non-Japanese voters cheered lustily when Mr. Scheel rose and put the amendment to the vote. "Those for?" he asked. The Japanese at first did not move, then some in the front who comprehended the question, held up their hands and the rest followed, the Japanese being unanimous for the proposal which had been presented by their Chairman. The non-Japanese, including Americans, Britons, French, Germans, Russians, Scandinavians and other nationalities, were almost equally unanimous in voting against the Japanese proposal. It appeared that the westerners considerably outnumbered the Japanese.

Tension rose to a high point as Mr. Scheel seemed to glance hesitatingly over the sea of faces and noted that the raised Japanese hands were in a minority. "It appears to me, he said, haltingly, "that those against the amendment outnumber those for it." He thus forgot to ask for the "nays," and in consequence the tension mounted. The following paragraphs, written by Anthony Ullstein in *The China Press*, express the tense situation:

Mr. W. J. "Tony" Keswick, Chairman of the Municipal Council, who was shot and wounded by a Japanese at the Special Ratepayers Meeting, held on Thursday, Jan. 23. The above picture was taken at the recent opening of the so-called "Beggars Relief Camp," operated by the Salvation Army, which Mr. Keswick fostered.

There was a heavy silence. A shrill shout split the stillness, followed by more yells and booing. The meeting was getting out of hand. The Councillors looked at each other in confusion, turned their heads to look at Mr. Scheel.

"The majority is definitely against the amendment," the Senior Consul started again. "Or so it seems to me . . . yes . . . I see that all those for are on the left and all those against are on the right . . ." he floundered.

Mr. E. T. Nash, Secretary of the meeting, leaned over to him and whispered furiously. Mr. E. A. Long, Secretary of the Consular Body, also hurried over to apparently coach the Chairman in his role. Finally, as the hooting and shouting rose in violence, Mr. Scheel asked for a show of hands against the amendment.

The non-Japanese vote was practically unanimous. It remained only for Mr. Scheel to pronounce the amendment defeated. He did not get the chance to do so. The shouting, whistling and stamping of feet on the Japanese side rose to its highest pitch, drowing out anything Mr. Scheel may have wanted to say.

The excitement also spread among the westerners. "Motion defeated!" someone yelled frenziedly, and the

cry was taken up. This seemed to raise Japanese passions to a fever pitch, and a huge cry of challenge went up, changing into a shout of approval when Mr. Hayashi himself got up off his seat in front of the ratepayers and marched towards the platform.

But to start at the beginning, the voters practically all were in their seats by 2:30 o'clock with the Chairman of the Council, W. J. Keswick and members of the Council, the Senior Consul, Poul Scheel, members of the secretariat, including E. T. Nash, and assistants, occupying a raised, enclosed and covered platform erected directly in front of the grandstand, where the voters sat, with large numbers of visitors occupying the sections on either side.

The weather was cold and disagreeable, forcing the Chairman and members of the Council to wear their heavy overcoats over their formal frock coats, a style of dress also dictated by 'ole custom. The voters, sitting on cold concrete benches, also drew their coats about them in trying to keep warm.

Mr. Keswick, who is more than six feet tall and the fourth generation of his family to head the British firm of Jardine, Matheson and Company, put the creaking wheels of municipal administration in motion by telling the voters why it was in their best interests to vote for a 40% surcharge on the Land Tax, General Municipal Rate, Special Municipal Rate. Arguing as he would if presenting a resolution before the baord of directors of one of Jardine's numerous subsidiaries, Mr. Keswick explained that depreciated exchange, price levels and increases in the cost of living had necessitated the tax increase; that the Council was doing all it could under the circumstances, and that if the anticipated Ch.$20,000,000 deficit for 1941 was not met immediately, the bill would be much higher in April.

It appeared that the Council's plan would go through in routine fashion—as it always had in the past. The non-Japanese voters appeared in the majority for only a half-dozen or so had evinced opposition to the 40% increase in taxes, which, also based on 'ole custom, is chiefly paid by tenants rather than the big land owners.

But at this point the equanimity, which always has prevailed at ratepayers meetings was disturbed—a hoarse shout rose from the Japanese side of the audience, the first disturbance of a ratepayers meeting, probably, which ever occurred in the decades which have passed since the old Chinese Taotai gave the foreigners the Shanghai rice-paddies and mud-flats upon which to build a city.

The disturbance was a growl, growing to a hoarse yell, emanating from the Japanese side, as several Nipponese, who understood a little English, cried, "We don't understand." The remainder yelled the same phrase in their own language. Chairman Keswick appeared oblivious of the disturbance, continued, proposing the resolution. Mr. Scheel then took the floor and announced that there was an amendment, following which the diminutive, aged, Mr. Hayashi ascended the narrow, steep steps leading to the platform.

Speaking in Japanese in a deep and seemingly angry tone, accentuated by his harsh-sounding native tongue, Mr. Hayashi—who once wrote the Council a letter using his own blood in place of ink—declared that the present system of taxation was unjust and unfair. He accused the objectives of the Economy
[illegible] reform in the me-
[illegible]ent itself." He said,
[illegible]out breaking tradition if our
[illegible]osolete. If a reform of the Land
Charter) is necessary for justice and
[illegible] us have it! We must not fear to act
[illegible]ation. He then urged abandonment of
[illegible]ipal Council's proposed boost of taxes and
[illegible]dvocated that the Council "adopt a fair, equitable, efficient and modern taxation system. In the interim, Mr. Hayashi recommended that the Council meet its heavy deficits by loans. The crowd knowing that the Council had reached the end of its tether in borrowing money, laughed when Mr. Hayashi declared that a "certain banking institution was prepared to meet any requirements of the Shanghai Municipal Council on a reasonable commercial basis." No one knew what bank Mr. Hayashi had in mind unless it was the Japanese Yokohama Specie Bank, which sequesters Customs funds, or perhaps the new Wang Ching-wei bank, which is preparing to flood the countryside with worthless paper currency.

Mr. Hayashi ended his speech with a thinly-veiled threat, the full significance of which became apparent shortly. He declared in impassioned tones, "Should these important recommendations unfortunately be defeated through opposition by a powerful minority group, who, as is still fresh in our memories, took advantage

"So They Have Him On The Spot"

Bishop in St. Louis Star-Times

of the shortcomings of our election rules to create several thousand decisive votes at the last general election of Councillors. And, should the measure for tax increases pass, over the opposition of several million vitally affected Chinese and Japanese, I dare point out that the responsibility for the ultimate repercussions must fall upon this group and the Municipal authorities alone."

The "ultimate repercussions" were not long in coming. There was another roar, pierced by whoops from the Japanese side as Mr. Hayashi finished his speech. Mr. Scheel, the Danish Consul-General, took up the routine, "Does the seconder, Mr. C. Fukuda, also wish to speak on the amendment? Mr. Fukuda didn't wish to speak, so Mr. Keswick took the floor.

This time, Mr. Keswick, apparently nettled by the remarks of the Japanese, spoke clearly and forcibly: "It would be difficult to imagine a more unsound suggestion." Scenting trouble the occidental side uttered a few weak "Hear-Hear's." Mr. Keswick then pointed out that Mr. Hayashi had not only criticised the Council, but the Economy Committee, which he had urged organized at the annual meeting last April. Referring to Hayashi's demand for a reform of the taxation system, Mr. Keswick declared, "No one here is, I suppose, so foolish as to imagine that the Council has not given thought to alternative ways and means of raising revenue." Stating that the Council "would always be ready to consider alternative ways, which are legal," Mr. Keswick declared, "No intelligent ratepayer here will need to have explained to him the political difficulties of securing a revision of the Land Regulations at this

Mont. Wacil	[illegible]
N. Y. Central	[illegible]
Texas Corp	37½
U. S. Steel	64½

COMMODITIES	
New York Cotton, Mar.	[illegible]
New York Rubber, Mar.	[illegible]
New York Hides, Mar.	[illegible]
Chicago Wheat, Mar.	[illegible]
Chicago Corn, Mar.	[illegible]
New York Sugar, [illegible]	[illegible]

present time . . . With all the force at my command . . . I ask you to reject this amendment."

The occidental side cheered, louder this time, as Mr. Scheel got up and put the amendment to the vote, "Those for?" he said . . . .

No less than 5,000 pairs of eyes watched the slight form of the 70-year old Hayashi as he slowly ascended the narrow stairway to the platform, apparently with the object of replying to Chairman Keswick. Who, in that entire gathering suspected that the Chairman of the Japanese Ratepayers Association and Amalgamated Street Unions, carried in his pocket a revolver with which he was determined to wreak vengeance on those haughty foreigners who had opposed him so long and so completely. The yells subsided as everybody expected Mr. Hayashi to make another speech or request Mr. Scheel for an explanation of his blundering method or lack of method in putting the vote.

Suddenly drawing the revolver—of 25 or 32 caliber —from his side pocket, he fired two shots, one of which passed through Mr. Keswick's heavy overcoat and the fleshy part of his arm to lodge in his chest, causing two flesh wounds. The thing was so unexpected that the audience didn't know what had happened and the confusion on the platform was much greater. Best evidence that it was not a preconceived assassination plot, was that three Japanese on the stage, I. Okamoto, member of the Council, K. Ikeda, member of the Secretariat, and K. Noguchi, also an assistant in the Secretariat, immediately grappled with the assailant. Both Okamoto and Ikeda received painful, although not dangerous wounds in their hands as they tried to wrench the gun from Hayashi's hand. Apparently three shots were fired.

Other members of the Council on the stand, assisted Mr. Keswick to a back room in the mat-shed covering of the platform, where he was later assisted into an ambulance and taken to the Country Hospital. Hayashi apparently was disarmed by Sergeant Richards and other officers of the police who rushed to the platform. Major Kenneth M. Bourne, Commissioner of Municipal Police, also ascended the platform and took a position at the head of the steps, preventing the mob of Japanese, who swarmed about the speakers stand from climbing up. Instantly the air was filled with chairs, chair-cushions and other objects as the infuriated Japanese tried to assault those on the stand.

A newspaperman, C. W. Tombs, an Australian, who was attending the meeting, suffered multiple injuries and severe shock when he was attacked by Japanese after assisting Keswick to escape through the rear of the matshed and to the ambulance. Tombs, who is connected with the *North China Daily News*, and also is on the editorial staff of *The China Weekly Review*, was in the Country Hospital until Sunday night recovering from the effects of the attack. A Japanese photographer who came to his assistance was also rescued by the police. According to police reports a gang of Japanese, for fully 20 minutes roamed the grounds, throwing things and making attacks on the grandstand.

Aside from defeating the Japanese amendment—which action appears to be surrounded with some doubt —the meeting failed to carry out its objective. British and American members of the Council, later in the day, met with the American Consul-General, Frank P. Lockhart and the British Consul-General, A. H. George, and decided to recommend that another meeting be called at once—providing the Japanese authorities were able to guarantee order among their own countrymen.

***

Characteristic of British reaction to Hayashi's attack on Keswick and more or less representative of general western and Chinese opinion was London's Foreign Office comment. Declaring that Sir Robert Craigie, the British Ambassador to Japan had been instructed to emphasize the point in lodging a strong protest with the Japanese Government, Foreign Office sources stated that the Japanese claim to increased representation on the Shanghai Municipal Council in order to more effectively maintain law and order here had not been strengthened by the shooting.

While the United States was occupied with the Aid to Democracies Bill now being examined by the Senate Foreign Relations Committee to the immediate exclusion of all but war news, the American-owned *Manila Bulletin* last Saturday classified the shooting as "typical of new order methods." In an editorial under the heading "A 'New Order' Failure," according to a *United Press* message, the *Bulletin* declared the Japanese promise that orderly processes would be followed when the S.M.C. ratepayers' meeting was reconvened "represents that which is left of hope for peace in Asia." "The immediate inciting to riot, the angry Japanese mob action and the resort to outlawry on a mass scale typify 'new order' plans so thoroughly that the whole incident appears almost in the light of an historical drama staged to portray the history of this era in Asia."

Currie Appointment Arouses Wide Interest

The announcement last week that President Franklin D. Roosevelt had decided to send his Administrative Assistant, Lauchlin Currie, to Chungking, aroused widespread interest. Dr. Currie was scheduled to depart by Clipper Plane from San Francisco on Jan. 28 and would return to Washington by March 1. The announcement from Washington on Jan. 23 said that Dr. Currie "would study the economic situation in China and also convey President Roosevelt's personal greetings to Gen. Chiang Kai-shek.

The report attracted widespread interest in the Far East, particularly in Japan where official *Domei* claimed that it indicated the United States was planning "momentous steps in the Far East." Papers in Chungking said that the visit of Dr. Currie probably was for the purpose of "helping China employ the loans she already had received from the United States." One paper, the *Chen Chow Jih Pao* urged that some of the money already loaned to China be used for purchasing 500 up-to-date American pursuit planes to enable China to launch a successful counter-offensive against the Japanese." The paper said that Dr. Currie's visit "would not only be a gesture of friendship to China but a warning to Japan."

Dr. Currie, who is 39 years old, is a naturalized American citizen, having been born in West Dublin, Nova Scotia. He is a graduate of the London School of Economics and has a Ph.D. degree from Harvard, which he received in 1931. He became an American citizen in 1934. Following graduation, Dr. Currie became an instructor in international law and economics at Harvard, resigning to become a consultant to the firm of Kendall and Company, cotton merchants in Boston. Later he joined the U. S. Treasury Department as analyst and director of research and statistics for the Federal Reserve Banking System. In June, 1939 he became administrative assistant to the President. He is the author of several books, including "Supply and Control of Money in the United States."

The *Washington Star* said that Dr. Currie's trip probably was concerned with currency stabilization in China and indicated the grave problems which China is confronting today. The paper said that pro-Chinese feeling in the United States, coupled with Chinese propaganda, "had tended to obscure the fact that the protracted fighting has strained Chinese resources and has created internal stresses which threaten serious consequences.

How Local Newspapers Treated the Ratepayers' Most Chaotic Meeting

"Asks for Ballots—Gets Bullets!" This caption to a front page picture carried by the *China Press* was one of the few inaccuracies in a somewhat lurid but the most colorful and detailed account given by the local press of the Ratepayers' Meeting. *China Press* inaccuracy was that the reason why the unfortunate Council chairman got the bullets was because he did not ask for ballots.

"Treatment" of the story by foreign newspapers revealed to an unusual extent their political leanings. The *North China Daily News* swept up her skirts and roundly thundered denunciation of the mob hysteria behind the attack, ignored the fact that the victim was one of the leaders of S.M.C. "appeasement" towards the Japanese and their Chinese associates. The *Shanghai Times* went into an agony of effort to placate British anger without annoying the Japanese. The *Shanghai Evening Post and Mercury* went in for straight reporting in its news columns, and editorially condemned the Japanese. The *China Press* gave the most factual account.

Alone of the morning newspapers it recounted the inept handling of meeting by honorary chairman, Mr. Poul Scheel, Consul-General for Denmark and Senior Consul. Mr. Scheel asked for the vote on Hayashi's resolution—which would have prevented the proposed tax increase—and except for the solid Japanese minority there were only a few in favor.

It was just after this that the shooting started, and it is obvious that if the chairman had been more alert and determined trouble might have been prevented. As it was, the meeting concluded in bullets instead of ballots—and now another meeting must be held for the tax increase. There is no suggestion that Mr. Scheel was trying to put anything over on anyone—apparently he was just not of the stuff of which good chairmen are made.

"Most Likely Suspect"

Editorially, all papers ignored this point. The *Shanghai Times*, which is running into constantly mounting difficulties in trying to be both pro-Japanese and patriotically British, did not even definitely saddle Mr. Hayashi with blame for the shooting. Instead, it quoted *Domei* that he was "the most likely suspect." And its editorial the next day was captioned in a masterly understatement: "Ratepayers' Meeting Ends Badly." Another editorial a day later was entitled "Aftermath Of Exciting Ratepayers' Meeting." The first went no farther than to deplore the incident. The second, without giving the details of Mr. Scheel's handling of the meeting, prominently quoted the Japanese official explanation:

> "The confusing manner in which the Chairman conducted the show of hands on the Japanese resolution aroused considerable apprehension, the Japanese being unable to comprehend the language being spoken. They feared that the objective they sought to attain by legitimate means was about to be defeated by improper methods, and it would appear that Mr. Hayashi acted without premeditation and under great mental strain and duress."

Only a short time before the shooting, Mr. H. E. Morriss, chairman of the board of directors of the *North China Daily News* and owner of much real estate in the Japanese dominated "bad lands," had entertained the Japanese puppet mayor of Greater Shanghai, Chen Kung-po, in the Shanghai Club, but the *NCDN* became patriotically British in dealing with the newest Nippon affront to British dignity. The editorial the day after was boldly entitled "Dastardly Outrage." There was a note of appeasement the following day, however, in another editorial entitled "Thursday's Fracas!" The second editorial was marked both by commendation of the Japanese for having "for a long time played an important and honorable part in the life of the International Settlement," and kudoes for Mr. Scheel "upon his public spirit in consenting to preside over a meeting which it was realized was likely to be troublesome, and the manner in which he handled it." It would be hard to put more undeserved praise into so brief a space.

Where It Left Off!

Grim humor was injected into the S.M.C. announcement that the ratepayers meeting would be resumed "where it left off." It was thought doubtful that any of the leading characters in Thursday's fiasco would be willing to take up next Wednesday the roles thrust upon them at the adjournment. The meeting according to an S.M.C. announcement last week will be resumed at 2.30 p.m. on Wednesday.

Irony Unnoticed

No one noted the irony of a Japanese shooting Mr. Keswick—who has been for the past year the leader of attempted appeasement of the Japanese. Nor did Mr. Keswick forget his role even while in the hospital: his wife journeyed to a Japanese hospital to voice the Keswick sympathy for the two Japanese shot by their compatriot.

It was only the day after the meeting that the most significant aspect of it came out, and this was editorially dealt with only by *The China Press* and the *Shanghai Evening Post and Mercury*. This was that Mr. Hayashi in an interview with the Shanghai *Mainichi* a few hours before the meeting had threatened to essay the role of hero and martyr for greater Japanese aggression.

> "It is obvious how the Municipal ratepayers' meeting today will end," Mr. Hayashi said. "I am now in the same mental condition as Mr. Masahige Kusunoki (a famed Japanese general who committed suicide following his defeat on the field of battle)....There must be a limit to forbearance on our part. We may be obliged to meet violence with violence. I am willing to become a stepping stone for our future advance. I shall attend the meeting today joyously and courageously."

That the Japanese officials in no way attempted to prevent Mr. Hayashi from carrying out his premediated design made their subsequent official regrets ring rather hollow. Most probably, their only regret was at their loss of face—because Mr. Hayashi cut such poor heroics that the episode was comic rather than grand opera.

Search Suggested

Final best suggestion for future ratepayers' meetings was in an "Off the Record" comment of *The China Press*. It pointed out that in bull fights in Mexico, spectators are searched for lethal weapons before entering the ring and that such a policy should be followed when Shanghai's eminent citizens foregather—at least if any Japanese are present.

Of no direct connection with the Ratepayers Meeting, but of interest was the kidnapping on Jan. 11 of Pan Tse-chuen, 42-year-old compradore of Jardine, Matheson and Company, the concern headed by Mr. Keswick. Mr. Pan was seized by armed men, supposedly connected with Wang Ching-wei's political police which have their headquarters at 76 Jessfield Road in the "badlands" area. The kidnapping took place at the corner of Route Camille Lorioz and Paul Legendre in the French Concession just as Mr. Pan was leaving his home for his office. The gangsters, who occupied a taxicab they had seized, fired two shots as they threw Mr. Pan into the car and sped away. The car was later found abandoned in the French Concession. Officials of Jardine, Matheson and Company stated that no political motives were involved in the kidnapping and that money was the osly motive. The ransom demanded, according to local rumor ranges all the way from Ch.$1,000,000, to $3,000,000. Although practically three weeks have elapsed since the kidnapping the police of both the French Concession and International Settlement claim to be without information.

Japanese Comment

Thorough precautions were planned by the Municipal Council authorities in conjunction with the police to assure the next meeting against further misunderstanding or violence. The Japanese Consulate-General likewise issued assurances that there was deep regret over the "deplorable incident, and measures will be taken to prevent recurrence".

Not of such a mind, however, was the Japanese press in Hongkew. One Japanese official, allegedly warned in

the *Shanghai Mainichi* that "until the time when the S.M.C. has been fundamentally reformed, the second, the third, and even the fourth Mr. Hayashi will appear." Other Japanese press comment referred to Mr. Hayashi as a man "compelled to take desperate action for a noble cause against the self-complacent attitude of British and American Council officials.

The *Shanghai Mainichi* also carried an interview with Mr. Hayashi allegedly issued previous to his attendance at the meeting, which was interpreted as indicating an intention on his part to "meet violence with violence". He said, "I am willing to become and display a spirit that is worthy of a true Japanese. "There must be a limit to forbearance on our part. We may be obliged to meet violence with violence. I am not worried over the result of the meeting. I am willing to become a steppingstone for our future advance. I shall attend the meeting today joyously and courageously."

Regarding charges that might be brought against the "first" Mr. Hayashi, who voluntarily surrendered to the Japanese Consulate-General a *Domei* report indicated that he would be sent to Nagasaki for trial. It was indicated that the charges brought "would depend upon the intentions of Mr. Hayashi when he fired the shot."

Tomokazu Hori, Japanese Embassy spokesman, explained in a press interview Friday that the assailant "might have fired to incite the crowd, or might have fired to injure, or even to kill." He added that the punishment might range from a fine to imprisonment. When queried regarding witnesses, according to *Domei*, the spokesman declared, "it would not be compulsory for Shanghai witnesses to appear before the Nagasaki Court." He pointed out that the testimony of witnesses might be taken down by an authorized person and presented before the court.

"Very Sorry"

Regarding official Japanese reaction, effort was being made to adjust feelings as much as possible. An extraordinary meeting of the Japanese Ratepayers' Association was held Friday afternoon, at which it was decided to send representatives to call on Mr. Keswick and Mr. Okamoto, injured members of the Council, and to make a round of visits to other quarters concerned in the incident. In the *Domei* report was an explanation that although the determination to "fight to the limit to gain approval for their proposal is unchanged by the incident, it goes without saying that legitimate means only are recognized, with the thorough understanding that defeat naturally would be taken in good grace if the proposal were rejected by the majority of voters."

Atsumu Watanabe, Vice-President of the Japanese Rate Payers Association, was quoted in the *Tairiku Shimpo*, as making the most sensible suggestion of all—that all English speeches be translated into the Japanese language for the information of the Japanese voters. Mr. Watanabe said rioting might have been avoided had this been done at the meeting. He said that few of the Japanese understood what the S. M. C. officials were saying. He claimed that this suggestion had been made previously but was ignored.

The Japanese Ratepayers Association will continue to oppose the proposal for increasing taxes by 40%, according to the spokesman of the organization, following the mass-meeting.

A late report in the *Mainichi* said that Mr. Hayashi "though outwardly calm, since his arrest, is nevertheless showing signs of fatigue, a not unexpected development in view of his advanced age—70 years." "He is garbed in neat Japanese clothes," the report concluded.

The fact that Mr. Hayashi has not followed the traditional Japanese method of committing self-destruction by hara kiri, or disembowelment, has surprised many foreigners, who thought he would follow that procedure immediately.

For those who are not familiar with the Shanghai voting system, the Chinese voters, who greatly outnumber both the westerners and the Japanese, are not permitted to participate in the regular meetings of the ratepayers. The Chinese hold their own separate meeting to elect their members of the Council.

Hull Warns U.S. of Japanese Aims; Bullitt Declares Aid to China Must Continue

Mr. Cordell Hull, U. S. Secretary of State, Mr. William Bullitt, former U. S. Ambassador to France, and Mr. Henry Morgenthau, Secretary of the U. S. Treasury were outstanding among witnesses whose testimony was heard last week by the House of Representatives Foreign Affairs Committee investigating the "Lease-and-Loan" (Aid to Democracies) Bill.

Mr. Cordell Hull, whose statement drew a violent outburst from Mr. Yosuke Matsuoka, the Japanese Foreign Minister last Sunday, warned the Committee in Washington on January 27 that the aim of Japan's "new order" in the Far East was the creation of an Empire of 1,000,000,000 persons, "a serious threat" to U. S. interests in the Orient.

The testimony was given secretly but was revealed by a member of the Committee who explained that he could "not speak publicly without injuring our own national security and defense." The Secretary of State, according to **United Press**, was reputed to have said that the United States faced dangers on both the Atlantic and Pacific, necessitating yet greater U. S. aid to Great Britain, China and Greece. In a reply to Senator Hiram Johnson, Californian Republican, Hull was declared to have stated he did not believe increased U. S. aid to the democracies increased the prospect of American involvement in the War.

Former Envoy Bullitt gave testimony before the Committee on January 25, and declared that the main purpose of the United States should be to prevent the defeat of Britain, but that it was vitally important that Chinese resistance continued.

Mr. Bullitt said that while the U.S. was preparing an adequate defense it must make certain that the "British Fleet continues to hold the totalitarian forces in Europe while our Fleet watches in the Pacific."

In the event of an Axis triumph, 90 per cent of the human race will be in the hands of dictators, the former envoy said.

Mr. Bullitt told the Committee that if Britain fell and the Panama Canal were blocked, "the invasion of the Western Hemisphere would be almost certain." He said that the U.S. Navy would not be able to protect both the western and the eastern coasts of the Western Hemisphere, due to the Tripartite Alliance, and it would thus lie open to attack.

Loss of Navy Feared

"The elimination of the British Navy and the control of either the Atlantic or the Pacific by a totalitarian navy would be the signal for totalitarian governments to be installed in one or more Latin American countries," he said.

"The movement of totalitarian control toward the Panama Canal would be rapid. The present experience of England shows that it would be impossible to prevent bombardment of the Canal by planes based in the northern portion of South America or in Central America, or from aircraft carriers."

The ex-ambassador expressed the opinion that the U.S. Navy was the world's greatest. However, he added that Germany was building boats rapidly and now possesses a strongly fleet than at the outbreak of the war.

"Also, it is reliably reported that Japan this year will have a capital tonnage equal to that of the U.S.," he added. "The Japanese Navy is increasing at an immense pace."

Mr. Bullitt furthermore compared the state of mind of the people of France just before the war to that in the U.S. "They knew that great danger existed, but depended on the Maginot Line. The people of this country depend upon two oceans as the French depended on the Maginot Line," he said.

Warned Daladier

Mr. Bullitt emphatically testified he had warned M. Edouard Daladier and other French Premiers that the U. S. would not enter the war.

The Committee yesterday completed its opening hearings on the bill.

Both Mr. Bullitt and Mrs. Florence Harriman, former U. S. Minister to Norway, testified that unless aid to Britain was expedited, the U. S. must

(Continued on Page 312)

7 Changes Sought in "Aid" Bill

Seven changes are being sought in the "Lease-and-Loan" Bill, by means of an ammendment which will be introduced by Mr. Hamilton Fish, Republican representative for New York, according to **United Press** from Washington. The changes, which appear to be attempting a complete negation of the entire purpose of the Bill, were given as follows:

Firstly, prohibit the President from giving any portion of the U. S. Navy without Congressional authority.

Secondly, limit the bill to one year.

Thirdly, limit financial obligations of the bill to US$2,000,000,000.

Fourthly, prohibit building, repair or outfitting of belligerent ships, in U. S. ports.

Fifthly, require British to furnish security for all aid their funds are exhausted.

Sixthly, limit President's power to act in disregard of existing laws.

Seventhly, prohibit President from sending convoys into the war zone.

U.S. Airplane Production and the Situation in Europe

Recent report from U.S.A. stated that airplane factories turned out 709 finished machines in December "which was 100 more than previous estimates".

Of special interest in connection with the report concerning American airplane production was an article in the Dec. 28 issue of the *Saturday Evening Post* entitled "Facts about Lindbergh". Few persons have much regard for Mr. Lindbergh's political views, but most admit the soundness of his views and information on the subject of aviation.

The article in the *Saturday Evening Post*—written by C. B. Allen—dealts chiefly with Col. Lindbergh's investigation of aviation conditions in Europe just prior to the outbreak of war—which Lindbergh realized was pending. It will be remembered that Lindbergh was permitted to inspect the military aviation establishments in Germany, Russia, France and England. In all cases he made his inspections upon the invitation of the air-officials of the country concerned. And in all cases he made the investigation with officials of the various Air Ministries and the American air or military attaches at the U.S. Embassies in Berlin, Moscow, Paris and London.

His description of Germany's airplane production superiority caused an uproar which has not yet subsided. While one may not be concerned with the political phases, they must be interested in his figures of Nazi airplane production and war preparation, a sinister development which the world realizes all too well today.

Lindbergh, then residing in England, received an invitation to visit Germany and inspect that country's airplane set-up in 1936. The invitation was extended personally by Field Marshal Goering and transmitted through U.S. Military Attache Truman Smith, stationed in Berlin.

Lindberg made, at Major Smith's suggestion, three protracted tours of Germany's aviation centers in 1936, 1937 and 1938. On each occasion Lindbergh's hosts outdid themselves in showing everything to the American aviation expert. The Germans did this, accordisg to the author, "either in pride or for political reasons, seeming eager to display and explain in detail what already had been accomplished and what was still in prospect."

Lindbergh toured Germany, flying wherever he chose in his own plane. He purposely avoided main-travelled airways and made direct cross-country flights—with interesting results. For example, on a direct cross-country flight from Munich to Stuttgart in October 1937 he passed over a fully-equipped military airdrome at an average of fewer than every ten minutes. All were within easy striking distance of Swiss and French borders. Previously Marshal Goering had proudly shown him an album containing pictures of Germany's "first seventy" military flying fields.

Here, briefly, is what Lindbergh saw and discovered for himself of Germany's aviation establishment, all of which was transmitted to Washington—and apparently filed away in the archives of the War Department:—

1.—German airplane production facilities were equipped to turn out 20,000 new planes a year—an estimate which Lindbergh regarded as "extremely conservative".

2.—Under stress of war Lindbergh thought Nazi aircraft manufacturing capacity probably could be increased to 5000 a month, if required.

3.—The output of German airmen in Germany in 1938 "closely paralleled aircraft production as the country had more than 50 training centers as compared to approximately a dozen in England and three in the United States."

4.—Lindbergh estimated that this vast pool of men and machines was backed by an ample supply of fuel and raw materials required in airplane manufacture—particularly fuel.

Lindbergh's next observations were concerned with the situation in Russia—based on a personal investigation made in August, 1938.

1.—His general impression was that Russia's designers and engineers were chiefly concerned with the copying of foreign types of airplanes, chiefly German ones. He saw little evidence of originality and Russian technique and workmanship in copying "left much to be desired".

2.—The foregoing impression was based on observations made in 1933. On his visit in 1938 he found that while considerable progress had been made the same general picture prevailed.

3.—Compared to conditions in Germany, Lindbergh thought that Russia's aerometical development "was floundering". In Russia's foreign-bought airplane factories, reproduced with machines and methods imported from America, France, Germany and other countries, production rate was low and while more planes were in evidence their maintenance "was the worst he had encountered". He was impressed by the poor organization and maintenance as compared with Germany's airpower, facts which later were fully confirmed by developments in Russia's war on Finland.

Later when Lindbergh casually mentioned these facts to a few members of the British Parliament there was much surprise because Britain had been led to believe that Russia's "swarm of airplanes would prevent Hitler from daring to attack." This was just before the crisis of Munich. The British were particularly skeptical of Lindbergh's estimate that Germany's air-force "was stronger than any combination of air forces that could be brought against her in Europe." The Russians were highly indignant when Lindbergh's remarks were relayed back to Moscow.

Regarding aviation conditions in France Lindbergh said that France's aviation establishment "was nothing short of appalling." This was in 1938-39 following his visit to Germany and Russia. Labor troubles and strikes had paralyzed French airplane production. He was staggered by the discovery that there wasn't a pursuit plane in France as fast as Germany's newest bomber, the Junkus Ju-88, at the time of the Munich crisis. The Ju-88 had a top speed of 310 miles an hour or better. The fastest French plane, the Morane pursuit could do but 297. And the French had not yet even made up their minds about a suitable model to concentrate on.

The British situation at the time of the Munich conference, according to Lindbergh "was considerably better than that of France, but British average types of planes were outclassed by German types—with one notable exception—the Spitfire—which was faster than the German Messerschmitt. Britain's weakness—as also America's—was in its great multiplicity of types in combat categories which handicapped mass production. The Germans on the other hand had concentrated on a relatively few types which were produced in large quantities. British maintenance was difficult because of great variety of types.

In summing up the aviation situation Lindbergh's conclusions were that the French picture "was hopeless so far as the success of any conflict with Germany was concerned," He said that French airmen "were fully aware of the situation, but the country was so paralyzed by politics that they were unable to do anything about it. As for the English "they scoffed at the information which Lindbergh gave them about Germany". The British, he declared, "had been asleep to the perils threatening their very existence and were only beginning to awake to the situation."

As for America, Lindbergh saw a close parallel in its political and economic situation—and unpreparedness for war, to conditions that prevailed in France and England prior to the present struggle. This explained his fear that the U.S. would enter the war or be "swept into it", as France was. He thinks America should have started arming five years ago. He thinks the U.S. "has come to a sorry pass when those directing its destiny proclaim any other country is, or ever should be, its first line of defense."

The Lindbergh situation is of special interest because Col. and Mrs. Lindbergh once visited in China on a humanitarian mission and helped to save China's millions who were harassed by famine and floods in 1931. Both nearly lost their lives when their airplane was overturned, spilling them into the flooded Yangtsze. They were rescued by the crew of a British ship. There is an added reason for interest in Lindbergh's disclosures about aviation conditions in Europe, prior to the war as they show in unmistakable fashion that Nazified Germany had long prepared to wage war on her sleeping and politically and economically inept neighbors.

U. S. Lifts Plane Embargo, Opens Vladivostok Consulate

THE American action in reopening the U. S. Consulate-General at Vladivostok, closed for 23 years, and the appointment of Angus Ward, long experienced in Sino-American and Russo-American trade relations as Consul-General, has been followed by the lifting of the so-called "moral embargo" against the Soviet Union, which was announced at the time of the Russian attack on Finland.

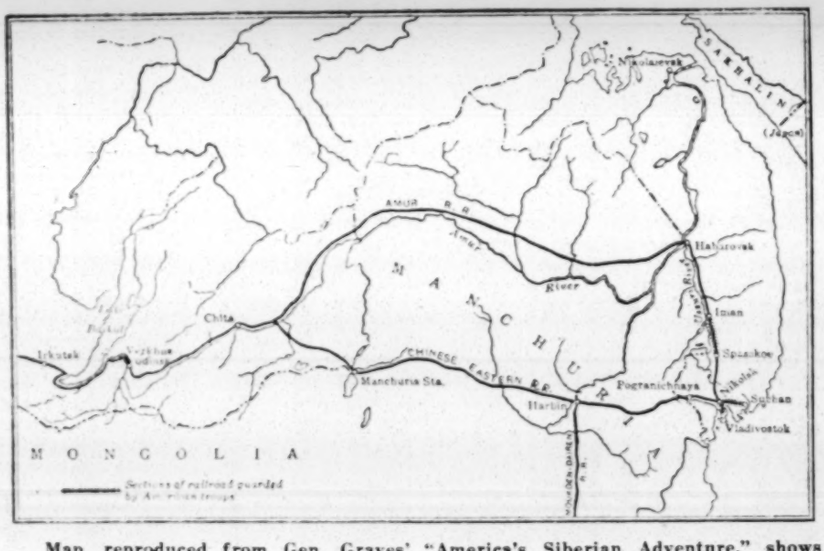
Mr. Ward, former Consul at Tientsin and more recently First-Secretary at Moscow, departed from the Soviet Capital on Dec. 31 and is now in Vladivostok. He was accompanied by a consular staff, including Donald Nichols, U. S. Vice-Consul at Moscow. Mr. Ward was born at Alvinston, Ontario, Canada and is a naturalized U. S. citizen. After graduation from Valparaiso University, he was engaged in the lumber trade prior to joining the army in the World War. He served with relief organizations in Russia and Finland and after the war returned to business life, also serving as an engineer with the Bureau of Internal Revenue. He joined the Department of State in 1925 and had service at Mukden, Tientsin and Moscow. He is said to have the best knowledge of business and economic conditions in North China and Manchuria of any Foreign Service Officer. Mr. Ward speaks and writes the Russian language.

U. S. withdrawal of the so-called "moral embargo" took place on Jan. 21, when Sumner Welles, Under-Secretary of State notified M. Constantine Oumansky, Soviet Ambassador in Washington that the embargo on shipments of airplanes and aviation gasoline had been withdrawn. The embargo was originally announced on December 2, 1939, but later was enlarged to include molybdenum, aluminum and all other metals essential to the manufacture of airplanes. According to *United Press* message from Washington on Jan. 22, it was stated that Mr. Welles and Mr. Oumansky had held frequent conferences for the past three months in an effort to establish better relations between the two governments. While the lifting of the embargo was regarded as of more spiritual than material significance, due to the monopolization of American airplane factories by U. S. and British governmental orders, the tension between Japan and the United States in the Far East caused the action to attract wide attention. Diplomatic observers in Washington regarded it as a "gesture for Russia's friendship and possible collaboration in the Far East." The conclusion was reached that the withdrawal of the embargo "cleared the way for closer collaboration with Soviet Russia, especially in aid to China, which would be the most available common ground for Russo-American cooperation."

Many observers thought the way was open now for Russo-American collaboration in the Far East on parallel lines with Sino-American collaboration. Observers familiar with the situation in the Far East thought that only the threat of Russia's military power at Japan's rear restrained Japan from striking southward in the Netherlands Indies, the Philippines and Burma at the present time. It also was thought that the withdrawal of the embargo on Russia might help in supplying planes to China. There also were reports that steps might be taken now to establish a mail air route between North America and Soviet Siberia, by way of Alaska. It also was suggested that American planes could now be flown from Alaska, where the U. S. has a number of air-bases, directly to China by way of Siberia.

A further element in the rapprochement, which was not mentioned in the press reports was the likelihood of American technical and engineering enterprise being utilized by the Soviet Union in speeding up the development of the vast Siberian territory. The importance of this area to the United States, commercially, has been evident in the rapid increase of trade between the U. S. West Coast and Vladivostok. The increase of this trade has been so rapid that British suspicion has been aroused that Vladivostok and the Trans-Siberian Railway constituted a "leak" in the blockade of Germany. Hugh Dalton, Minister of Economic Warfare, charged in the House of Commons on Jan. 4 that the large quantities of American cotton entering Russia via Vladivostok indicated that considerable was reaching Germany. Scrap iron, rubber and other products from the United States also were entering Vladivostok in large quantities, the cargoes being carried on ships of Panamanian registry, it was stated.

"Back, After 23 Years"



Map, reproduced from Gen. Graves' "America's Siberian Adventure," shows Eastern Siberia as it was 23 years ago when the American Expeditionary Force was guarding a section of the Trans-Siberian Railway. When the Army withdrew the Consulate was closed.

In Washington it was suggested that the Soviet-American reconciliation might also spur the British to make a similar deal, which, if accomplished would have important benefits from the standpoint of the situation in Europe.

The lifting of the embargo had immediate repercussions in the Far East. The Japanese broadcast in Shanghai referred to the agreement as further evidence that the United States "was trying to keep the world in turmoil as a means of stimulating American trade in munitions of war." The Japanese military elements regarded the deal as an American move to block Japan's efforts to reach an understanding with Russia, a matter of supreme importance to Japan in connection with her long-planned southward expansion movement. The strong Russian defense force on the Siberian frontier facing Japan's puppet state of Manchukuo, makes it absolutely impossible for Japan's military clique to withdraw heavy troop concentrations from Manchuria and North China, which might be needed in the southward movement.

The Chinese paper, *Chung Mei Jih Pao* at Shanghai declared that the establishment of closer American-Soviet

Shanghai Now Worries About a New "Terror"—Threat of U. S. "Freezing" of Foreign Money

BY JOHN AHLERS

The problem what to do in the present emergency with the huge amount of liquid capital accumulated at Shanghai is said to worry local financial leaders from early morning to late at night. Numerous means and ways of protection have been devised and tried, but none has been discovered thus far that would provide absolute security under all and any circumstances. The fourth wartime Chinese New Year passed with the local money, exchange and capital market's freedom still unimpaired, and in this respect Shanghai retains in the whole Pacific area a unique position. Yet anxieties about Shanghai's future were never greater than in recent months, and prospects of next Chinese New Year finding the local free money market structure still intact appears to be smaller than ever. Danger allegedly looms from the direction not only of Nanking, but now also from the United States.

The great majority of the Shanghai people seem to have a rather dim conception of the so-called specters which haunt the local financial world. During the week prior to Chinese New Year the U.S. dollar "freezing" scare almost swept Shanghai Bankers off their feet due to the big speculators liquidating large overbought exchange positions at considerable loss. The Shanghai "man in the street" did not realize what was going on, yet every Shanghailander who may hold exchange accounts or other financial positions with corresponding bank balances in U.S.A., and all persons in China with property in the United States, were in serious danger of being surprised by the complete immobilization of their foreign exchange assets.

Truly big amounts of liquid capital today are concentrated at Shanghai. Ever since the European war's start, the Whangpoo city has experienced a steady influx of capital, including repatriated Chinese as well as foreign refugee money. Since the Nippon-American war scare in October last, the volume of this capital influx has declined, and of late Hongkong made determined endeavors to reduce Sterling Bloc capital flight via the Crown Colony. Yet the capital influx into Shanghai continued up to very recent days. Due to local circumstances, the quantity of idle capital here is extraordinary; all Shanghai non-Japanese banks overflow with deposits; and local money is to be had easily and cheaply against any sound business proposition, as well as for many highly speculative risks, too.

This capital has come to Shanghai and remains here because it enjoys a freedom which it cannot find elsewhere. The essential thing about this freedom is free convertability in the local market of Chinese national currency against unrestricted foreign currencies, especially U.S. currency. Part of the capital in question is actually held in foreign exchange, but also local dollar holdings have a distinct foreign exchange backing because of that free convertability. This is borne out by the fact that local dollar funds stubbornly refuse to budge from Shanghai into any other part of China where they would be deprived of that convertability. Free China, despite the National Government's arduous courtship of Shanghai capital, fails to attract the bulk of the local Chinese dollar funds, while the Nanking Central Reserve Bank's appeal to local capital is too ridiculous to be seriously considered by anybody as yet unkidnapped and not under the heel of outright terrorism.

Shanghai liquid capital, in short, finds a certain reinsurance in foreign exchange even where held in local currency, and this reinsurance primarily is one in U.S. dollars, since all other major currencies are under more or less strict state control. If Wang Ching-wei enforced control of foreign trade here, the foreign exchange holdings of Shanghai as well as the local dollar holdings' convertability would not be threatened. Both these categories of holdings would be equally little menaced by Nanking decrees imposing general control of foreign exchange because any such decree would be ignored by at least the extraterritorial foreign banks. But there now is a serious chance that the United States may be compelled to act in retalitation against the Japanese and their Nanking puppets, as well as in aid of Free China, in a way that would compromise at the same time Shanghai local dollar convertability, foreign exchange holdings in local banks, and all sorts Shanghai property held in the United States.

For months past, the Washington Administration has had under serious consideration the draft of a decree calculated to "freeze," in an emergency, among other foreign holdings in U.S.A. also Shanghai holdings. This draft decree has been revised several times, and according to the latest information available here it would, when enforced, immobilize all Shanghai holdings in American currency, in American institutions, and in U.S. territory, whether directly or indirectly held. U.S. dollar accounts in American as well as non-American banks here, any accounts held by Shanghailanders directly in the United States, any American stocks and shares held by Far Easterners including American residents here, even any real estate owned in U.S.A., etc.,—all would be "frozen" under the contemplated decree. Owners of such holdings might continue to dispose of their properties as they chose within U.S. territory only, but would be unable to effect any withdrawal of funds, inclusive even the receipt of payments of interest on bonds or dividends on shares, except under a permit system whose details remain to be devised. The permit system would authorize withdrawals for legitimate mercantile and private requirements, but would obstruct capital fund-transfers and currency speculation. The decree's chief aim would be to prevent the Japanese and Wang Ching-wei from laying hands on the "frozen" holdings, to curtail further speculation against or flight from the Chinese dollar, and to leave to those Chinese who transferred to U.S.A. big capital funds no other choice but either to hold out with their funds "frozen," or to sell their holdings to the Chinese National Government.

When at the turn from the third to the fourth week of January Shanghai was informed that President Roosevelt considered immediate signing and enforcement of the above decree, local currency speculatiors staged a stampede of U.S. dollar selling; other local financial circles also were badly scared. Local interests, of course, have no advantage to expect under the decree which, on the contrary, is likely to badly upset Shanghai business and to precipitate all sorts of new perils, risks and uncertainties. Shanghai calmed down somewhat when it was learned later that the signing of the decree had been postponed, and that it was not to be expected in the "near future." As the news agencies put it, the decree will be enforced when, in the opinion of Washington, "when it is required by the situation." But obviously the idea of the "freezing" decree by no means has been abandoned; the enforcement of the decree may be expected in any future emergency, and with the coming of next spring is more likely than over. Should the Nomura mission to Washington fail, U.S.-Japanese relations are bound to further deteriorate. Should Germany in the European war gain a spectacular advantage over Britain, the Japanese military is likely to go wild and start another expansionist venture southward—or possibly upward! A great many Americans and other Westerners, as well as Chinese and Japanese here look ahead to the coming spring with the greatest of apprehensions over the Pacific situation, and many consider the outbreak of open war between Japan and the United States as no

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cooperation "will be an overwhelming blow to Japan and will contribute greatly to the stabilization of the situation in the Far East." Needless to say, Chungking was overjoyed at the development.

A dispach from Moscow (*United Press*) stated that lifting of the embargo "had removed one of the least obstacles to an improvement in Soviet-American relations." Moscow broadcasted the full text of Sumner Welles' letter to the Soviet Ambassador on the evening of Jan. 23. American circles in Moscow said that the lifting of the embargo "had left no further outstanding questions of a serious nature between the two countries."

longer out of the question. Almost any new critical developments in the Far Eastern situation threaten the enforcement of the U.S. "freezing" decree.

In this situation, if there were any other reasonably safe refuge for Shanghai capital, local flight from the U.S. dollar now would assume tremendous proportions. But there is no such refuge. Except for Russia and the United States, all other major countries are involved in major calamities, and their currencies and capital markets are strictly controlled. Russia does not yet recommend itself for foreign private capitalist investment. Of the neutral countries with intact currencies, Switzerland and Sweden in Europe appear to such extent overshadowed by Germany that Shanghai refuses to take these countries into serious consideration as a refuge for private capital. In Asia, Siam too now is on the warpath after—for some time—making a good economic and financial show. There still are a few South American countries with open exchange markets which even offer facilities for Shanghai Sterling arbitration, but those countries may introduce exchange control or "freeze" foreign capital at any time, especially if the United States should set an example. Local capital, therefore, still prefers re-insurance in U.S. dollars and in the United States, but tries to figure out some way of escaping the provisions of a "freezing" decree.

U.S. dollar demand drafts on the bearer, drawn on financial institutions in the United States before the issue of such a decree, for months past appeared to local financial circles comparatively safe paper. Such demand drafts rank between bank notes and traveller checks and normally would be payable in cash on simple presentation. Over bank notes, these drafts have the advantage of being unsubject to discounts, while to traveller checks they are preferred because they may be made out for any amount however high. Many million U.S. dollars worth of such demand drafts in recent months have been bought in Shanghai and Hongkong by capitalists who in anticipation of a "freezing" decree lock the paper in their bank safes. But the huge extent of these bearer demand draft purchases did not escape the attention of New York, and a U.S. "freezing" decree possibly will not exempt these drafts. The American Constitution, it is true, expressly provides that no law may be made retro-active. Yet the Washington Government lawyers may well find ways and means to get around this difficulty, and it has to be remembered that New York failed to pay certain bearer demand drafts drawn in the Netherlands and Belgium just prior to the German invasion of those countries.

As a safer way to conserve freeholds of Chinese capital in U.S. dollar despite a "freezing" decree now appears the establishment in the United States of Federal Incorporated corporations with U.S. citizens as share-holders, directors and managers, holding China funds in trust. This way of escaping "freezing" has been chosen by a series of big Shanghai and Hongkong capitalists and speculators, and it is said that almost U.S.$100,000,000 worth of Chinese capital has been hidden away already in such newly established corporations. A U.S. "freezing" decree now enforced would immobilize only a minor portion of the funds originally calculated to be caught under such a decree. But, of course, Washington may embark upon a serious investigation of such new U.S. corporations guarding Chinese flight capital, and it remains to be seen whether or not the men behind those corporations ultimately will prove more cunning than the American and Chinese Governments combined.

This writer during the past few months has been asked by many readers, ranging from big operators to salaried men with moderate savings, the same question of how to preserve one's capital and at the same time keep it intact and mobile. I confess I am unable to detect an absolutely foolproof way of preserving private capital from all and any governmental regulation once Shanghai's exchange and capital freedom should have been destroyed. It would seem that the best assurance is observation of the age-old golden rule of not to put all one's eggs into the same basket. From U.S.$10,000 up, capital still may be divided reasonably into investments in real estate, stocks, commodities, bank notes, gold bars, and insurance. Smaller savings, of course, cannot be safely spread in this way. For such savings, the best advice would seem not to risk immobilization in foreign lands but to effect reasonable investment in one's own country.

Book and Trademark "Pirates" Fined in District Court

New Yung-zih, a seller of "pirated" copies of the Acme Code, was fined Ch.$1,500 or given the alternative of six months in jail by the First Special District Court last week. Another defendant, Sah Sing-wah, was acquitted. The plaintiff, the Acme Code Company, is represented in Shanghai by A. R. Hager, manager of the Business Equipment Corporation, located at 263 Kiangse Road, International Settlement. Mr. Hager was represented by the law firm of Allman, Davies and Kops.

According to the evidence, the local police raided a warehouse in which were stored 72 copies of the code books which had been reprinted without authorization of the proprietors or local agent. Mr. Hager testified that he had registered the word "Acme" with the Chinese Trademark Bureau, hence was entitled to protection. New Yung-zih, one of the defendants, was stated to be the proprietor of the Shanghai Secondhand Bookstore on Honan Road. He admitted purchasing 100 copies of the reprinted code which he had placed on sale. Some 20 copies had been sold and the remainder had been pledged to the defunct American Oriental Banking Corporation. These copies were later seized by the police. Mr. New denied reprinting the books, claiming he had only sold them. He also denied knowledge that the word "Acme" had been registered. However, the Court ruled that since he was in the book business, he should have been aware of the situation.

The case attracted considerable attention because of the widespread practice of "pirating" foreign books in Shanghai and selling them in wholesale quantities throughout the country. Advertisements of pirated books appear in all of the local newspapers and announcements of new pirated editions are made over at least one radio station. The business has become so extensive that printing companies engaged in the business are alleged to have agents in New York and London who watch for new books and rush copies to Shanghai by clipper plane. The first important book pirated in Shanghai was Webster's Collegiate Dictionary. The local printing company which copied the book was sued in the old Mixed Court, but the case was dismissed, the defendant claiming the high prices charged for foreign books, particularly by American publishing houses "constituted a bar to the educational development of the Chinese people."

Present abnormal exchange rates (US$1 being equivalent to Ch.$18.50) have greatly stimulated the "pirate trade" due to profits made on reprinted editions of popular foreign books.

Recently the British publishing firm of Kelly and Walsh, which has an extensive printing business in Shanghai, has obtained permission from the foreign publishers to reprint popular books in Shanghai, a late one being Lin Yu-tang's "Moment in Peking," which Kelly and Walsh sold at about half the price of the American edition.

The case involving the pirating of the "Acme" Code book, however, only has an indirect connection with the local practice of pirating (reprinting without authorization) of foreign books, as the "Acme" case was based on violation of the name, which had been registered with the Bureau of Trademarks. The case apparently was not concerned with the violation of copyright involved in the reprinting of the book.

Another case which attracted considerable attention in the First Special District Court involved the forging of the well known "Yale" trademark on locally-made keys and locks. The British firm of Jardine Matheson and Company, agent for the American lock company, brought the action against Chang Yue Pao, a Chinese manufacturer. Yue was given a five months sentence, which was suspended for two years. The representative of the Yale Company testified he had been given a trademark registration by the old Trademark Bureau in Peking, which later was confirmed by the Trade Mark Bureau of the National Government of China. The accused admitted he had manufactured keys and locks in imitation of Yale and had stamped them "Yane." He argued that this did not constitute imitation, but the Court ruled that the Yale people were entitled to the exclusive use of their trademark. Since the accused gave a written undertaking not to repeat the offence which was his first, the Court gave a suspended sentence.

Correspondents in Japan Suffering Reign of Terror

THE well known American newspaper organ, *Editor and Publisher* contains an extensive article dealing with the military-instigated reign of terror to which newspaper correspondents in Japan are subjected. The latest act was that of Jan. 7 when the director of the newly created Cabinet Information Office announced that foreign correspondents in future would have to learn the Japanese language. He announced that "on principle" the official spokesman would use only the Japanese language, and would cease making announcements in the English language. In making the announcement, the spokesman pointed out that in other countries the official spokesman "always used the language of the country"—which was not true as Russia and many other European Countries, prior to the war, used English when addressing foreign correspondents.

The new ruling in Japan will force all foreign correspondents to employ Japanese secretaries, who will be subject to all police and gendarmerie regulations against disclosing information to their foreign associates.

The article in the American trade organ referred to the suicide—or murder—of "Jimmy" Cox of Reuters, who threw himself, or was thrown by his police persecutors, from a window in the Tokyo gendarmerie headquarters. The writer of the article imclined to the theory that Mr. Cox had committed suicide as "two days of refined mental torture are generally conceded to be enough to make anyone already under a strain do as the gendarmerie insisted Cox did." Correspondents in Tokyo refer (in whispers) to the case as "murder," because in the period immediately following the Cox affair—which coincided with the arrest of a number of other Britons on trumped-up espionage charges—at least one correspondent, Relman Morin of the *Associated Press* had a taste of Japanese police methods. Morin was held for several hours while the police tried to force him to disclose his sources of information in connection with dispatches he had sent to American papers bearing on the Cox case. Mr. Morin is now in the Netherlands Indies.

The Japanese gendarmerie had special reason for desiring to persecute—or murder—Jimmie Cox because he outwitted the Japanese censors several years previously—Feb. 26, 1936—in disclosing to the world the sensational rebellion in Tokyo when a clique of young Army and Navy officers seized and held the capital for several days and murdered a large number of officials and business leaders.

The first correspondent in Japan to be arrested and detained by the gendarmerie was Gerald Samson, British writer, whose experiences are disclosed in his recent book, "Warning Lights of Asia."

In the case of James Young, correspondent for *International News Service*, who was arrested and charged with violating the censorship regulations, the charges brought against him were based on disclosures in an article he had written while on a trip through China. While Mr. Young was being "investigated" he was faced with all sorts of irrelevant materials consisting of scrap paper which Japanese spies in the Imperial Hotel had filched from his wastepaper basket, one being an elucidation of the mysteries of a Greek letter fraternity to which he belonged while in college. The police apparently had found an old bill for dues which Young had thrown in his wastebasket.

Japanese correspondents who run afoul of the censorship regulations are subject to even worse persecution and physical torture, one method being to force the victim to kneel for hours on the edge of a ruler. The writer of the article stated that a few foreigners also had been subjected to this or similar treatment. He said that while the victim is being quizzed, the police busy themselves in rounding up for questioning virtually everybody who may have been seen in his company or have been in recent contact with him. This has had the effect of causing Japanese as well as other foreigners to avoid being seen with newspapermen. In the case of James Young, he was questioned for many hours regarding conversation which took place at dinner parties which he had attended over a period of many weeks.

Hallet Abend, correspondent for the *New York Times*, in an article in the *Saturday Evening Post* several months ago told of the persecution to which his aged mother has been subjected in travelling through Japan. The gendarmes apparently thought Mr. Abend, who had been in Manchukuo previously, and had accompanied his mother to Japan, had disclosed important secret information to her regarding conditions in the puppet state.

The writer of the article in *Editor and Publisher*) whose name was not disclosed) said that two American correspondents had informed him that they felt they were becoming mere "hand-out-takers," and couldn't be retained in Japan by their papers or news agencies, unless conditions improved. Mr. Cox of *Reuters* had been replaced by a part-time man on one of the Tokyo newspapers, the writer stated.

Hugh Byas, correspondent in Tokyo for the *New York Times*, in a recent article published in his paper said, "The correspondent's job here is becoming very difficult. The censor doesn't merely cut out forbidden news; he functions as news editor and cuts out anything he doesn't like the look of. And you in New York have no means of knowing that the message has been mutilated until weeks later when the editor there compares the number of words prepaid in Tokyo with the number of words received in New York. By that time the facts the censor cut out are as dead as mutton."

This picture was taken at one of the tri-weekly press conferences at the Tokyo Foreign Office (now discontinued), showing M. James Cox, Reuters correspondent, with glasses and cigaret holder in mouth, left, just prior to his death in an asserted suicide leap from a window after his arrest by Japanese gendarmes for alleged espionage. Two other correspondents who are questioning Yakachiro Suma, spokesman of the Foreign Office shown with back to the camera, are Larry Smith, right, International News Service, and Relvin "Pat" Morin, center, who represented the Associated Press, and later was detained by the police for questioning in connection with dispatches he had sent to American papers referring to the Cox case. The Japanese have since discontinued the Foreign Office press conferences and have centered all press activities in the so-called Cabinet Information Office, a Japanese conception of the Nazi "Ministry of Information."

A recent message by *United Press*, referring to the arrest (three months go) of the 71-year-old French priest, Fr. Anatole Huset, in Kumamoto prefecture, stated that this case had some connection with the Cox case. Fr. Huset was arrested on September 10 on suspiction of espionage, but no mention of the case appeared in any Japanese newspaper until Dec. 19, when the police announced that the priest was to be charged with viloation of the military secrets protection law. The police, according to the *U. P.* report, stated Fr. Huset "had some connection" with the late Mr. Cox of *Reuters*.

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The Nanking puppet government, which tries to follow Tokyo and Nazi practices, recently issued an order that no correspondent could interview Wang Ching-wei, the No. 1 Nanking leader unless application was made at least three weeks in advance. The order was issued, following an interview with Wang by an American correspondent, who referred to Wang as the "prisoner of Nanking." At the recent inauguration of Wang as head of the Nanking regime, all correspondents were required to submit their stories to the Nanking "Minister of Publicity" for censorship, prior to dispatching to their papers abroad, a ruling which the correspondents circumvented by bringing their reports into the International Settlement where they could be sent without interference. All messages dispatched from Japan are now closely censored, which action has also boosted the popularity of independent uncensored radio stations in the Shanghai International Settlement as foreign correspondents in Japan also send their most important messages here for dispatching abroad.

Why the Japanese Censored Alcott—and the Result?

It should be explained in the introduction that *The Japan Advertiser*, published in Toyko, is no longer an American paper. B. W. Fleisher, publisher of the paper, was forced by Japanese military and German Nazi interests to relinquish his holdings in the paper—for a fraction of their value—and return to the United States.

Another paper, published in English, which is controlled by the Japanese Army, is the *Peking Chronicle*. It also was published by a foreigner, a Briton, who sold out to the Japanese after the Japanese Army's occupation of Peiping in 1937.

With this explanation, we proceed to the matter of the interfence with Carrol Alcott's broadcasts and news commentaries over radio station XMHA, which continued for a considerable period, but were discontinued recently, after Mr. Alcott's verbal explanation during one of his broadcasts that the "matter of the Japanese interference was being adjusted." The Japanese interference, allegedly directed from special radio equipment located in the old Astor House Hotel, took the form of a "buzzer," which blotted out Mr. Alcott's voice.

The *Peking Chronicle* on December 21 published a letter signed by one "Diogenes" which referred to the jamming of the Alcott broadcast in sarcastic terms, emphasizing particularly a somewhat bombastic declaration by E. L. Healey, manager of the American-owned XMHA that he "intended to fight this thing in defense of our American rights." Healey's statement appeared in an interview in one of the local newspapers shortly after the Japanese began interfering with Alcott's broadcast, which is sponsored by local American and British firms.

The letter in the Peiping paper, which bore the earmarks of Nazi authorship, started out by charging that the American "rights" which Healey referred to, "were the right to sling dirt at all those who don't happen to have the same ideas of 'democracy' as the Americans have." The writer of the letter then referred to Mr. Alcott as one of the "hundred percent Americans who were blocking Japanese ambitions in the Far East." Then, getting down to business the Nazi writer charged that Alcott daily insulted "Japanese, Wang Ching-wei, the Germans and the Italians." In short, Mr. Alcott was responsible for the dissemination of "tenacious, misleading and insulting reports," according to the writer in the Japanese-owned *Peking Chronicle*.

Next, there followed a reference to the practice of columnists in the U. S. in insisting on their right to criticize the President and members of his family on the ground that this was the privilege of a "free" press. The Peiping writer said that the desire to be "free" included the "right to lynch negroes, disrupt national defense by sit-down strikes, to become political bosses, to be unemployed, etc." He then charged that Americans "look down" on things and peoples who do not correspond to the American way of life; that missionaries regard themselves as superior to the "heathens;" that American traders regard themselves superior to native traders that American newspaper correspondents regard themselves as superior to their European colleagues, etc. In short the Peiping writer alleged that the so-called American "rights" were in reality "wrongs" and were based entirely on a "superiority complex."

He then charged that Mr. Alcott "fits nicely into this group," as he doesn't hesitate to "twist history and events to achieve the desired results." Concluding he stated that "Alcott and fellow members of his tribe no more represent real Americans than do the P.U. M. C. (Rockefeller hospital) Chinese and the Yenching crowd represent China."

The Japanese-owned and Nazi influenced *Japan Advertiser* reprinted the letter from the *Peking Chronicle* with an endorsement of the allegation that most so-called American "rights" are "wrongs," when regarded from the standpoint of the native peoples. It concluded with the statement that "whatever fault there is in the talk about rights, can be traced to the official American campaign..." The editor of the Tokyo paper alleged that the writer of the letter in Peiping was an American, but its similarity to Nazi broadcasts in Shanghai indicated Nazi authorship or inspiration. For example, the local Nazi broadcaster, delivered an impassioned tirade against President Roosevelt recently in which he charged that Roosevelt was the "tool" of the steel corporation and other big business, which was trying to send American young men to the battlefields of Europe, against the wishes of Americans generally who wished to keep the country out of war." The Nazi broadcaster apparently was ignorant of the fact that "big business" opposed President Roosevelt and supported Candidate Willkie in the last election."

Aside from the foregoing revelation of Japanese-Nazi opposition to Alcott's broadcast—most popular in the Far East—it is no secret that none of the Axis Powers permits its citizens to listen to outside radio programs. The Japanese do not even permit their subjects to possess short-wave receiving sets and it is illegal for any Japanese to listen to a foreign station on long-wave receivers. A British professor in a Japanese school was fined 300 yen and given a suspended jail sentence for listening to Alcott's broadcasts, despite the fact he possessed a government-licensed long-wave set.

In the present instance, the Japanese military authorities had ordered all local stations to reduce their power to 200 watts on medium or long-wave and to cease broadcasting on short-wave. The object was obvious, to prevent the Japanese people, or Chinese residing in Japanese-occupied territory, to listen to news broadcasts other than those issued by official army-controlled stations in Japan or in Japanese-controlled areas in China. The only exception to the Japanese order was the Nazi station in Shanghai which issues nightly tirades against Britain and the United States. The letter sent to local non-Japanese stations was signed by a Japanese army officer, Major Asano. When the demand was refused, the Japanese turned on their "buzzer" and kept it on throughout Alcott's broadcasts.

Aside from Alcott's statement that the matter of Japanese interference with his broadcasts "was being adjusted," no further announcement of the real reason for the discontinuance has been made. One report had it that Alcott had agreed to cease referring to Japan's "New Order," as the *New Odor*, but this was denied. It is known that the American authorities lodged a protest against Japanese interference with the American station.

They "Opened" A Bank

Left, Nanking's Finance Minister, Chou Fu-hai, who also is head of the new "Central" Bank opened by the Nanking Government in Shanghai. Right, (holding a glass) is Lin Pei-sun, Minister of Publicity of the Nanking regime. Between them is a Japanese Naval officer. According to reports current in Shanghai last week the Central Reserve Bank had managed to open accounts with several bankings institutions in Frenchtown, these concerns submitting to pressure in order to escape possible prosecution in the Second Special District Court, which is now under puppet control.

How Cartoonists See The World at War

WE'RE BEGINNING TO BELIEVE YOU, BIG BOY!

—Harold M. Talburt in *New York World Telegram*, Nov. 25

THE BALL AND CHAIN

—Bruce Russell in *Los Angeles Times*

HIS REAL SIZE

—Rube Goldberg in *New York Sun*, Nov. 28

HERE'S LOOKING AT YOU

Chicago Daily News.

GREAT CAESAR'S GHOST!

Chicago Daily News.

RED DANUBE

Chicago Daily News.

THE "NEW ORDER" IS NOT SO NEW

Chicago Tribune.

IT'S HARD FOR US TO UNDERSTAND THEIR SENSELESS WARFARE BUT MAYBE THEY HAVE A GOOD REASON

Chicago Tribune.

A QUESTION SUGGESTED BY THE INTERNATIONAL LIVE STOCK SHOW

MAN HAS DONE WONDERS WITH ANIMALS—
WORSE THAN THEIR CAVEMEN ANCESTORS
WAR - HATE - DESTRUCTION
WHY CAN HE DO SO LITTLE WITH HIS OWN KIND?

Chicago Tribune.

ABOUT FACE

John Chase in *New Orleans Item*, Nov. 25

TWO WORDS CENSORED BY THE GREEKS

NOT CHANGING YOUR MIND, ARE YOU, UNCLE?

(From the Kansas City Star)

Tumult And—

"I AM BUILDING THE NEW GERMANY!"
Hitler, January, 1937.
[London Daily Mirror]

MUSSO'S HOPEFUL—BUT STILL HUNGRY!
[Glasgow Bulletin]

—The Shouting

THE LITTLE MAN WHO'S THERE
[Birmingham (England) Gazette]

AN OLD SAD STORY

Innocent Bystander?

BREAKING A LONG SILENCE

General Yeh Ting Declared Not "Red;" Believed Trouble Due To Agitation by Reactionaries

(SPECIAL CORRESPONDENCE)

General Yeh Ting is arrested, Han Yin is "at large", the New Fourth Army under their command is disbanded, General Yeh is facing court-martial,—all by order of General Ku Chu-tung, commander of the Third War Zone.

General Yeh Ting is accused of disobedience. He did not follow the order of removal of his army from the anti-Japanese front at the lower Yangtze, positions beneath Japanese and puppet regime garrisons which this Army has maintained for more than two years in constant struggle with superior Japanese forces. Meanwhile, Domei, Japanese news agency, is rejoicing on what is termed by them as cooperation between Chungking, Japanese and Nanking forces. They expect further "cooperation" of that sort against the New Fourth and Eighth Route armies.

A study of General Yeh, however, reveals that he himself is not a Communist. In fact, the task given him for reorganization of the former Red Army forces into the New Fourth Army was due to the Kuomintang's insistence that the Communist army of guerilla warfare would not be under Communist command. Yeh Ting was always a staunch supporter of the united front and always remained faithful to Kuomintang-Communist cooperation. This is the most outstanding fact in his career as a national revolutionary. He saw national calamity for China in the breach of that cooperation. He fought in 1927 to uphold it, and when he failed he retired into political inactivity and disassociation rather than to participate in civil war. His disobedience, if any, could only be in that he refused to become traitor to this principle.

When he took over the command of the New Fourth Army, he struggled for cooperation, equality, and equipment to fulfill the order to carry guerilla warfare into the main enemy base. Not because he was rebellious, but because of the pre-conceived plan to attack this Army that Yeh Ting is being declared a rebel.

The present writer visited the New Fourth Army region in 1939. Yeh Ting's life story which follows here was told to me by the General himself. It appears here in condensed form.

In 1923, I became chief of staff of the Kwangtung Gendarmerie. Chen Chiungming had fled from Canton. The reorganization of the Kuomintang into a broader scope took place, and the cooperation between that and the Communist part was agreed upon.

With the Fourth Army

When still in the Academy I realized that we must overcome the feudal and corrupt militarists in order to save China. Afterwards, in the South, I learned too that we would not succeed if relying on military force, and that a movement of thoroughly revolutionary character was necessary to get broad support.

I left Canton in 1924 for Soviet Russia in order to study there the political system and the army. Returning to China after ten months, I decided to join the Communist Party. When I arrived in Canton, Sun Yat-sen had already died. I became chief of the advisers department of the Fourth Army, then commanded by General Li Ching-shen, later a regimental commander in this army. In the fall of 1925 I was ordered to organize a special regiment, and after five months in command of that regiment we started for the Northern Expedition as an advance guard.

The Northern Expedition had only 50,000 troops, while Wu Pei-fu and Sun Chuan-fang had each 150,000 troops under command, much better equipped and armed. But due to courageous spirit our campaign was victorious. When we finally took Wuchang, my regiment alone counted about 70 percent casualties on the way through Hunan, Kiangsi, and Hupei. The Fourth Army's expeditionary force became known as the "Ironsides" of the Northern Expedition. After we arrived in Wuchang, I became garrison commander, with the rank of major-general.

Together with the Kuomintang, the Communist Party prepared for the Expedition, and many sacrificed their lives. When later the united front was breaking apart, I tried by every means to resist such a change. With only two newly-formed regiments and about 2000 students under my command, we defeated General Hsiao Tao-yin. But afterwards the Wuhan Government was stabbed in the back by Wang Ching-wei. With 10,000 troops, I marched also to Kwangtung in order to prevent breaking up of the united front. But we succeeded only in coming to Swatow. I left Swatow for Hongkong, and the army was taken over by Chu Te, who joined Mao Tse-tung in Kiangsi for continuation of the struggle.

I want to emphasize that the formation of the Red Army there in Kiangsi was originally not for the purpose of agrarian revolution. In fact, these cadres were already formed and fighting during the Northern Expedition, for unification of China under the Kuomintang, and only after they failed in this did they join together in Kiangsi for the origin of the Red Army.

From Hongkong I went secretly to Canton. There, during the Canton uprising, I appealed to the training regiment of Chang Fa-kwei to join me in continuation of the united front. I succeeded, but I disagreed with the character of the coup called the Canton Commune, as I knew it must be a failure, and would not save the united front.

After those tragic events I left China, and left the Communist Party, together with connections with the Kuomintang. I did not agree with the Kuomintang on the breach of the united front and on the policy of exterminating the Communists. I did not join in the subsequent fight between the Kuomintang and the Communists because I was doubtful that it would result in cooperation, as it happily did. When the Japanese attacked Manchuria in 1931 I returned

Wang Welcomes New Japanese Ambassdor

Top — Kumataro Honda (left of center) Japanese Ambassador in Nanking, being welcomed by Wang Ching-wei, head of the Nanking puppet government. On the left of Honda is Tateki Horiuchi, Japanese Consul General at Shanghai. Lower picture shows Mayor Chen Kung-po, Mayor of Shanghai Special Municipality, welcoming Japan's new Ambassador, Mr. Kumataro Honda.

Generalissimo Chiang Vigorously Denies Japanese Story of Civil Strife in China; 4th Army Incident Belittled

A vigorous denial of Japanese reports of civil war or the unfavorable turn of international events was made by Generalissimo Chiang Kai-shek in a lengthy statement on the disbandment of the new Fourth Route (Communist) Army early this month in an address delivered at Monday's weekly Sun Yat-sen memorial meeting. In the course of his address, which, states Reuter, was released on Tuesday night, he declared.

"The incident is now entirely closed . . . it does not remain in any shape or form. No political party or issue is involved."

He asserted there had never been an instance of any of the foreign powers friendly to China being discouraged by "our taking any action required for the very object they approve—the enforcement of strict discipline in our armies as a means of enhancing efficiency in resistance."

The Generalissimo added they would be inspired "with respect for us by observing our ability to put down insubordination without hesitation or trepidation despite the difficulties attendant on such an action under conditions imposed by the active prosecution of a war."

Denies Civil Strife

Referring to reports of civil war, the Chinese Generalissimo declared that in China today there is absolute unanimity of purpose among both the people and the armed forces. The question of the maintenance of wartime discipline and obedience to military discipline have no relations whatever to such a possibility, he said.

Referring to the powers' assistance to China, General Chiang stated: "The record of four years sympathy and assistance from friendly nations has shown them to be uniformly desirous of seeing strict discipline enforced in our armies as a means of enhancing our efficiency in resistance. There has been never an instance of their being discouraged by our taking any action required by the very object they approve.

"They will recognize the propriety of any action aimed at keeping the high standards of sound discipline prevailing in the Chinese armed forces.

"So, far from being as the Japanese foolishly attempt to convey, the foreign countries will be inspired with respect for us by observing our ability to put down insubordination without hesitation or trepidation, despite the difficulties attendant on such action under conditions imposed by the active prosecution of a war."

Discipline Vital

After pointing out that "there is no more essential factor required for victory in resistance than the reliable execution of orders and the exercise of discipline," General Chiang Kai-shek stated that measures taken by the Government regarding the new Fourth Route Army were in no way peculiar. He recalled similar punishment of Chinese Generals like General Han Fu-chu, General Li Fu-ying and General Shih Yu-san, in the past three years for various offenses against discipline.

After charging the new Fourth Route Army of "attacking a body of comrades in arms in disobedience to orders, and rebellious gestures, General Chiang declared: "I am entrusted with the power of directing the national armies and if I fail to enforce discipline with due rigor, yielding to any private susceptibilities of my own, I become myself a violator of discipline and betray all the men fighting at the front.

"There would soon be an end of resistance and a revolution, if orders were permitted to go unobeyed and discipline to go unobserved.

"Distressing" Case

"The incident under discussion is an exceedingly distressing case of military necessity. Far be it from me to construe it as a matter for gratification, it was something much to be ashamed of but being the only course possible in the interests of the nation and resistance, it was reluctantly taken.

"Former cases of disobedience to orders on the part of the new Fourth Route Army and of its clashes with other troops were passed over by me in silence, though not indeed for the sake of keeping them from foreigners or from the enemy. Such incidents cannot be concealed. My motives were, firstly, my concern for the good name of the troops and a hope for their reform; secondly, to preserve intact the forces of resistance.

"But the new Fourth Route Army continued to take all manner of arbitrary action, until it became apparent that, if it were unchecked, China would cease to be worthy of the name of a nation and that she would be powerless to make a success of her resistance.

"In conclusion, I have only to say that my action was dictated solely by a desire to strengthen the nation's capacity for resistance.

"The incident is now closed entirely. The problem has been settled once and for all and it no longer remains in any shape or form.

"The conduct of the new Fourth Route Army and the punishment imposed have no bearing on the status of other sections of the national forces.

"Absolutely no political party or issue is involved."

---

to China from Germany, but did not join in any political activity.

With the New Fourth Army

After the Sian Affair, only the question concerning the former Red Army in the Northwest was solved, through termination of civil war and the reorganization of the Red Army into the Eighth Route Army. It was only after the Japanese attack on Lukouchiao that all Government forces fighting the Communist troops in the South were withdrawn. So it was in the crucial period of the Shanghai war, that I forwarded to the Generalissimo the proposal to unite the parts of the former Red Army for duty against the Japanese invaders as guerillas. He consented, and the Communists agreed upon my command of the New Fourth Army.

As an army with the special task of leading guerilla warfare in occupied territory, the first job was to ensure broad popular support. In spite of special difficulties, the New Fourth Army was successful in strengthening the co-operation with the people and with the other armies living almost on the same ground. Since we arrived in the region, the people saw that whatever we did we were on their side against the Japanese. Though they were poorly armed, we educated and organized them and did not look down upon them. There are still many of the old bureaucracy in the region, corrupting it. We are not desirous of using force to get rid of them, however. The more the people are politically educated and trained for anti-Japanese resistance, the more the people will themselves be able to get rid of them. The anti-Japanese war will have a lasting effect on the position of this bureaucracy.

S.

Puppet Governor of Kiangsu Said Killed

Kao Kwan-wu, Japanese appointed governor of the Japanese sponsored provincial administration of Kiangsu, was assassinated in Soochow last week according to reports published in the Chinese papers. No details regarding the alleged assassination were obtainable aside from the report stating he had been struck by some 22 bullets and a hand grenade while he was riding in his car. Persons arriving from Soochow stated that for three or four days, the Japanese had been making a systematic search of the city.

A report in the **Cheng Yien Pao** and other Chinese papers on Jan. 26 stated that a number of Chinese pupils in a lower primary school in the village of Motu, near Soochow, were sent to a reformitory in Soochow because they cheered "Long Live Chiang Kai-shek," at a New Year celebration. Local Chinese puppet officials, fearing Japanese wrath and punishment, according to the report, ordered the principal and four teachers shot. This, however, could not be confirmed. It was stated that the children, with their hands bound together, were seen being marched through the streets of Soochow.

The Japanese naval authorities made four demands on the municipal authorities of the foreign administration at Kulangsu, Amoy, according to a **Domei** report from that city on Jan. 22. The demands were made as a result of the assassination of Huang Chung-kang, Formosan President of the Amoy District Court, who was killed on Jan. 17 while proceeding to his home. The assassins escaped. The demands which were handed to L. H. Hitchcock, British Chairman of the Kulangsu Council were (1) Immediate employment of six Japanese police officials; (2) stationing of Japanese police in districts where "reactionary" groups are found; (3) limitation of embarking and disembarking from ships in the harbor; (4) restriction on arrivals and departures of junks.

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The Year 1941—A Great, Hopeful Year to the Chinese

BY C. Y. W. MENG

The year 1940 which has just passed by was a successful year in the history of the Chinese "*Holy* and *Totalitarian* War of Resistance" against the Japanese invasion for several reasons. First, beginning in 1940, the Chinese were no longer losing important cities to the enemy. On the contrary, the success in forcing the Japanese to withdraw from the City of Nanning, the recapture of Chengnankwan, the important and strategic pass in the southern Kwangsi Province, and lastly, the "clearing" of the whole Kwangsi Province of the enemy footstep is generally hailed of greatest importance, and is generally attributed by the military experts to the Chinese successful counter-attack which had apparently already begun in 1940.

Secondly, as revealed to us in 1940, China received the greatest amount of assistance from the friendly powers, and contracted the largest amount of credit loans with Washington, London and Moscow in the four years of her resistance.

But a close study will reveal to us that the Chinese leaders and people in the Nation all hold still *greater* hope in the year 1941. Not only in the war situation do we find that the tide has now turned in the Chinese favor, but also in the internal political administration. The year 1941 opens with many hopeful signs. The Chinese leaders have already formulated many new programs of administration to be carried out beginning from this year.

President Lin's Three-Point Program

First of all, in his New Year Message to the Nation, His Excellency President Lin Sen, Chairman of the National Government, presents a "Three-Point Program" to his people, which may be summed up as follows:—

1. To elevate the spirit of the people, and to stiffen our determination to fight to the last.
2. To enforce the local self-government system, and to consolidate the political reconstruction.
3. To promote and accelerate the economic reconstruction, and to improve the livelihood of the people.

Generalissimo's "Two Program"

China's "Fighting Generalissimo Chiang Kai-shek," in his New Year message to the rank and file of the Chinese national forces and the people in the Nation, stresses the importance of the reconstruction of the nation simultaneous with the resistance, or more popularly known as China's "Two-R Program." He reminds the nation that the light of our victory over the enemy is already at dawn!"

"A Year of Counter-Attack"

In a rather sensational article "This Year Is A Year Of Our Counter-Attack," published in the special and spring number of *The War-Time Japan*, a monthly magazine, General Feng Fu-hsiang, generally known as the "Christian General" to the foreign pressmen, and now the Vice-Chairman of the National Military Affairs Commission, says that "The thirtieth year of the Republic (1941) is the year of our counter-attack." "As for how to counter-attack, our High Command has already worked out the detailed plan. What is important is that all our brothers should obey his order, and should be resolutely determined to fight to the last. We will accomplish our aim at the end," he continues.

The General then outlines a "Ten-Point Program" for the nation, and among them is the counter-attack against the enemy. In the "Fifth Point" of his program, he says, "Our principal task in this year is the counter-attack, so we need more of our brothers to go to the front to fight; and to further mobilize our brothers to go to the enemy's rear to

frustrate all the enemy's attempts and intrigues against us as a result of their recognition of the bogus Wang Ching-wei administration in Nanking.

Recovery of Manchuria

General Wan Fu-lin, newly appointed Chairman of the Provincial Government of Liaoning, in his article in *The Counter-Attack*, another Chinese monthly magazine, recalls the statement issued by the Ministry of Foreign Affairs on August 14, 1937 that the National Government will not abandon any portion of the territory "which of course includes the Three Northeastern Provinces (Manchuria,)" and he states that the "recovery of the lost territory begins with the recovery of Manchuria!"

We can quote many other utterances of this kind from the Chinese leaders and people. That is to say, after nearly four years of resistance, instead of finding the Chinese resistance relaxed and weakened, militarily and financially, the Chinese war against Japan has definitely passed into a new stage from purely defensive resistance to the positive counter-attack beginning from the year 1941. "This year is a year of our counter-attack!" The Japanese withdrawal from the city of Nanning, no matter how the Japanese militarists would explain it and justify themselves, bears eloquent testimony to the success of the Chinese general counter offensive, and is one of the series of the recovery of lost territory to the Chinese!

Sun Fo's "Three-Point Program"

Turning to the civil administration, we also find many programs under discussion. In a lengthy but rather important speech at the weekly memorial service held on November 25, 1940, Mr. Sun Fo, President of the Legislative Yuan, proposed a "Three-Point Program" as the Chinese economic policy during war time. To be brief, this program calls for the enforcement of three great policies advocated by Sun Yat-sen, his father, namely, the reform in the national currency, the monopoly in the purchase and sale of foodstuffs for the nation by the State, and the stabilization in the ownership of land with the gradual nationalization of land by the State as the final aim.

Dealing with the first point, the president of China's law—making body attributes the strength of the present Chinese resistance to the currency reform in November, 1935. He says that without having achieved the degree of financial stability, China would not have been in a good position to withstand the strain of a major war. So the president considers that what was proposed by the late leader about 30 of 40 years ago is now being put in full application.

In proposing the second point, he has a twofold purpose in mind. On one hand, the monopoly in the purchase and sale of foodstuffs by the State will end all evil practices, such as "hoarding," "manipulation" in the prices of commodities, etc. On the other, such a measure will greatly increase the national receipt and will have the effect of stabilizing the prices of rice and other commodities, points out the president.

He says that according to the teaching of his father, there should be redistribution of land with the gradual nationalization of land by the State as the final aim, so that no one, except the State is the sole owner of the land. The president attributes the successful revolution and the present economic development of the Soviet Union principally to the adoption of a new land policy which "should be a good lesson to us."

In conclusion, he says that the currency reform is now already being accomplished. To him, the issuence of more bank-notes to meet the demand during war time is not a danger if it is accompanied by the simultaneous increase in the national receipt. That is, the issuance of more bank notes and the increase crease in the national receipt must be equalized, which will greatly tend not only to stabilize the national currency, but also to stabilize the prices of commodities. According to his estimate, the revenues from the state control and monopoly of foodstuffs will swell the national treasury by no less than $1,000,000,000 a year.

"The "Sun Three-Point Program" has the wholehearted support of General Feng Yu-hsiang. In his article referred to in the foregoing paragraphs, the General suggests beginning the program in the year 1941. In the "Third-Point" of his "Ten-Point Program," he says "in the time when we plan for our counter-attack, it is necessary for the Government to concentrate all our financial power on such a counter general offensive. But to enforce the public sale of foodstuffs is one of the necessary steps during the time of resistance and national reconstruction," etc.

Thus, it is clear that this program is likely to be one of the most important ones of the administration in the year 1941, as the Chinese authorities are fully determined to take steps to cope with the "soaring" of the prices of commodities, particularly rice, and to re-distribute and develop the utility of land in the national economic reconstruction.

U.S. Strong Action Due in 1941

The year 1941 also opens with the Chinese Nation predicting and hoping for stronger and more action from Washington to thwart the Japanese aggression in China. Every utterance of President Roosevelt and American speeches are always being promptly and fully translated into Chinese, and published in all Chungking war-time one-sheet newspapers occupying, in some cases, no less than one-fourth of the space, and continuing in the publication for no less than two or three days.

The decision of President Roosevelt to appropriate huge sums to strengthen the defence in the Pacific, the introduction of a resolution to assist the democracies and the formation of three fleets, etc. have all been greatly hailed by the Chinese. In an editorial dated January 10, the *Shun Wu Jen Pao*, a leading paper in Chungking, uses four well-considered words to characterize President Roosevelt's actions. These words are "*Ying* (英)," meaning heroic, *Ming* (明)," meaning brilliant, "*Hsien* (賢)," meaning able, and "*Ta* (達)," meaning far-sighted, and the paper calls Franklin D. Roosevelt the "most heroic, brilliant, able and far-sighted President of America!" The paper says that the Japanese militarists may go on propagating their southward expansion program, but "American actions will be sufficient to put them to death."

The same paper characterizes the present American actions as "a lighthouse of peace in the age of darkness of the twentieth century," and "a standing post remaining alone unremoved like a rock amidst storm," and President Roosevelt as the "leader in the struggle for peace and freedom for the world."

But in another editorial on "A Word To The Isolationist Congressmen," in advising the American Congress to adopt and support the President's resolution to assist the democracies, *Sao Tang Pao*, another leading paper in Chungking, dated January 13, points out emphatically that "it all depends upon the adoption of this resolution (to assist the democracies) that hangs the hope for the democracies."

In another leading editorial dated December 25, 1940, *Ta Kung Pao* (or *L'Impartial*) demands that the United States should immediately enforce an embargo on the Japanese raw silk to America as one of the ways to oppose the Japanese aggression in China. The paper points out that the American embargo of 73 articles to Japan will not have immediate effect on the Japanese aggression, but the embargo of the Japanese raw silk to America would cut off Japan with the greatest source for foreign exchange with which she buys more war materials in America and elsewhere.

Similar opinion is also expressed by the *Chungking Edition* of *The Hankow Herald* which in an editorial dated January 11, says that "there is a less costly but far more effective way of checking Japanese aggression —a big stick that the United States can wield without the necessity of shedding blood. We refer again to the United States economic weapon of a complete boycott against Japan."

All these quotations are more than sufficient to express the Chinese gratification over recent American actions as well as the Chinese hope for greater and more dignified actions to come in the present year. Many Chinese writers on Sino-foreign relations predict and conclude that the United States stronger and more significant move is due in the year 1941.

"A New Era in the Pacific"

In his article on "Welcome the Historic Year," published in the Special Number (No. 59) of *Shih Ssu Pei Pien*, Mr. Sun Fo, President of the Legislative Yuan, predicts that "the year 1941 will open a new era in the history of the Pacific and China....Such a new era will be ushered in with China winning the final victory over the enemy, thus settling once for all the disputes in the Pacific!"

The year 1941 is indeed a great and most hopeful year in the Chinese history.

January 14, 1941,
Chungking.

Chungking Lays Foundations for Future Even as City Fights Desperately for Survival from Enemy

FROM A CHUNGKING BROADCAST

It is winter now and the fogs have come to Chungking, the fogs that will hang low over the city until next spring. Chungking has always been notorious for its cloudiness during many months of the year. There is even an old Chinese saying that "when the sun comes out in Szechuan all the dogs begin to bark," so unusual here is the naked countenance of the sky. But today, when air raids have upset both things and minds, the Chinese war capital only begins to live when the clouds descend. And the sun, on his rare visits, is little welcome—because in his trail come the Japanese murder planes; their emblem also a sun, bright red—the face of the giver of life smeared with the blood of death.

Now the clouds have come, however, the streets of Chungking once again are filled with people. Everywhere ruins are being cleared, shattered homes patched up. Retail trade is reviving more rapidly, after the long "bombing season," than the physical accomodation for it. There are shops in ruins, in tents and in booths. Buses in the streets are packed so tightly that they seem about to burst. Crowds stand in front of the municipal food shops, around newspapers displayed on public billboards, and bright colored posters and proclamations eloquent of the city's returning activity.

In the worst-bombed, most thoroughly devastated sections, swept clean by fires set by Japanese incendiary bombs, the few walls left standing bear challenging questions: "Who smashes our homes? Who has ruined our city." And on the inside wall of a bedroom that is only half a room, ripped diagonally in two by high explosives, someone has written in bold red on the whitewash "For this, we must have revenge."

In these same sections also, there are streamers and posters that look more optimistic. Two characters figure in all of them, the characters for "Auxiliary Capital," the new, permanent title bestowed on Chungking by the Government. This title of "auxiliary capital," means that after the victory, after the Government moves back to its original seat, Chungking will still have a special status and will still remain one of the government's constant concerns. It means that the "new Chungking" for whose construction all the posters call, really will be built, a Chungking that is not a repetition of the chaos perched on a rock that was the best description of the old city, but a modern metropolis, with good roads, good buildings, a well developed waterfront, and bridges and traffic tunnels spanning its rivers. The sacrifices that the city has suffered, the heroism it has displayed, will find permanent recognition expressed in brick and mortar, steel and concrete.

Building Started

The building of the "new Chungking" has already begun. Last year the municipal area was greatly increased by Government decree, giving the city much more room for development. A city planning commission has been appointed, and the first of the arterial roads which are necessary to introduce order into the old feudal planlessness of the capital already has been laid out. The constructive energy that is available here, and the willingness of the government to expend its resources on necessary development have been demonstrated in the building of the vast network of rock-hewn dugouts capable of shielding from the worst Japanese bombings every person and every motor vehicle now in the city. More has been done for the people of Chungking than for the people of London, for instance, whose parliamentary demands for deep raid shelters are still ungranted. There is no doubt that the new city is already being built; its progress can be seen and heard every day. The noise and vibration of repeated explosions still shake Chungking day and night, although the clouds have come and the Japanese can no longer raid ceaselessly and at will. High explosives to save life and to make it better are the city's answer to the Japanese high explosives for destruction and death. Day and night, new shelters, causeways, streets and building sites are being blasted from Chungking's living rock.

Right in the city is an outstanding example of how the war, for China, is a war of progress. Chungking was always a rich trading center, but it was provincial in its importance and still more in its prejudices. Now it is not only the temporary capital of the country, but the whole country is interested in it for its significance.

"Today and Tomorrow"

The government, and the people of China at large, are saying and thinking about Chungking, as about many other places that the war has pushed forward from their previous obscurity—how can we develop this city so that it can be a source of strength and pride to the whole land? And the people of Chungking are thinking along the same lines about their own town, and other towns. They have lost many of their homes and their public buildings at the hands of the national enemy. They know that there is no safety for themselves, their city, their province—until victory and a similar safety are achieved for the entire land. So they too think of the whole struggle first—of the fronts and the economic organization of the rear, and of how best their city—not Chungking the temporary capital but Chungking the great river port of a potentially strong and wealthy area—can do its job in the China of today and tomorrow. It is for sacrifices incurred in the course of its duty to the nation that their city has received its honorific title, and it is in this sense that they have accepted it.

So, like all China, Chungking not only lives and fights but manages also to grow, to grow physically, in understanding of its own role, and in the breadth of its outlook and responsibilities. It may seem strange to people abroad that all these things must be learned. It may be hard to picture what has happened here during the past few years. But think once more of a city in a remote part of the world and of its own country, hard to communicate with, living like the trading center of a small feudal state in the middle ages, its fate daily at the mercy of warring barons. Then think of this city turned overnight into the center of a nation of one fifth of mankind united against a common enemy, suffering and dying for independence and for that right to self-development that every people needs for life, but that so few peoples have learned effectively to defend. That is Chungking today, its story has a meaning for everyone.

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NEW YORK BUFFALO LONDON

Koreans Fight With China as Allies in Battle for Release of Homeland from Japanese Toils

Japan has often claimed the leadership of the peoples of East Asia. And it is true that she was the first of the Eastern nations to win the right to self-development, the first to master the material technique of the West. But Japan was not content to show the way. She wanted to be master. She has become not the teacher and friend of fellow peoples less advanced than she is but their enslaver and chief enemy. Today she leads East Asia only in the amount of East Asiatic blood that she has shed —in the volume of hatred that her murders and robberies have provoked.

It is natural, therefore, that when Eastern nations look for leadership and inspiration today, they turn not to Tokyo but to Chungking. Not imperialist Japan but China, not the country that fights to enslave, but the country that fights for liberation is the example they choose to follow. It is not surprising that it is to Chungking that Koreans, Formosans, and even Japanese enemies of aggression fight for China's cause. It is not surprising that it is to China that India sends medical workers and medical supplies, that Burma sends delegations.

Formosa and Korea were the first fruits of Japan's robber career. Formosa was conquered from China in Japan's first modern assault upon her, in the Sino-Japanese war of 1894-95. The same war spelled the doom of Korea, although that country was not formally incorporated into the Nippon Empire until 1910.

Today, China's fight against Japan has given these colonies new hope for liberation. The Formosans are Chinese, their island was always part of China, and when they fight in China's armies they are simply fighting to rejoin their brethren, as the natives of the Manchurian provinces fight. The Koreans are in a different case. They fight with China as allies—for the complete independence of their homeland with its long history and its 30,000,000 people.

The Koreans have maintained a provisional government on Chinese soil for twenty years. This government received assistance from Koreans in exile—in China, Hawaii, the United States and the USSR, and controlled underground activities against the Japanese in Korea itself. It organized sporadic terrorist acts against Japanese princes and officials, although it did not believe in individual terrorism as a policy, using these attempts to make it clear to the world and to their fellow countrymen that the movement was still alive and preparing for more serious work. The leaders of that provisional government are in Chungking today, and three weeks ago they received permission from Generalissimo Chiang Kai-shek to organize the headquarters of the first Korean army that has existed anywhere since the subjugation of the country. They hope that this army will be able to strike many hard blows against the oppressors, and that it will gain experience on Chinese fronts for future operations on Korean soil.

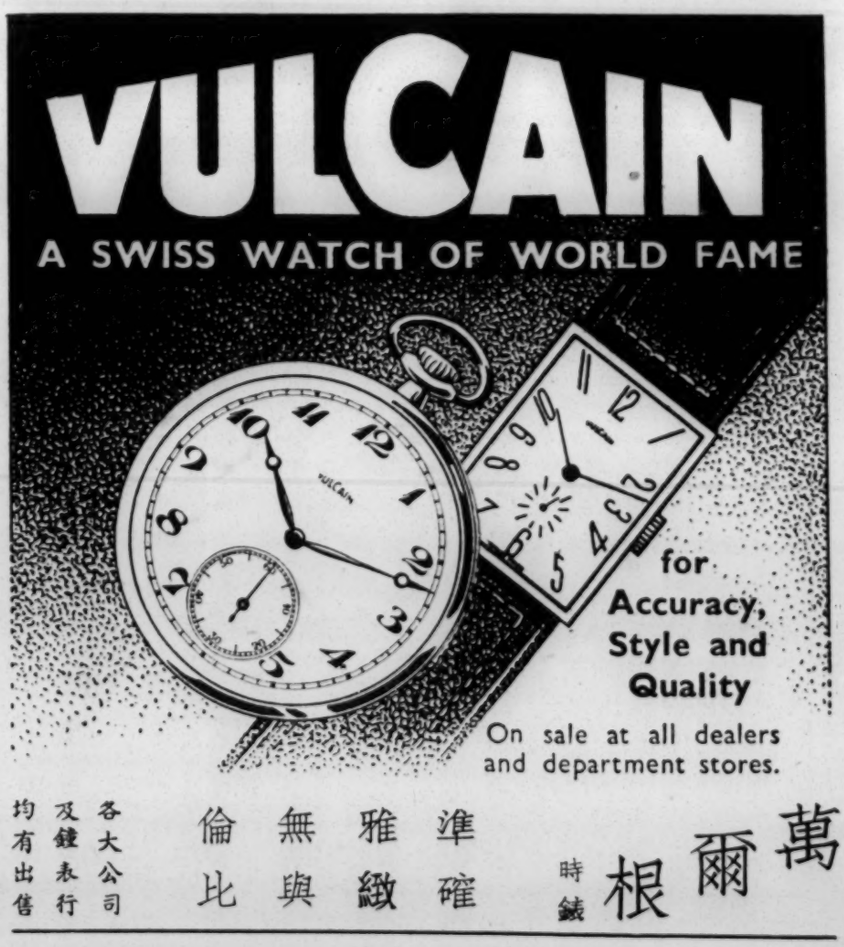
While the traditional leaders of the Korean revolt—against Japan have thus laid the formal basis for Sino-Korean cooperation, another, younger group is already working in the foremost fronts. In fact it has been doing this for so long that a few days ago it celebrated the second anniversary of its activity. This is the Korean Volunteer Corps, with three hundred members, over fifty of them prisoners captured from the Labor Corps of the Japanese army, into which many Koreans have been forced by their oppressors. The work of the Korean volunteer corps is to establish contact with the enemy army, to expose the lies of the Japanese militarists, and to bring over to the Chinese side the large number of Koreans in the opposing trenches.

The corps has worked on many fronts. Its members tell many exciting stories. How they flew leaflets in kites over the Japanese lines. How they crept right up to the enemy positions and arranged conferences, telling the soldiers to fire one rifle shot if there were no officers near, three if there were, so as to know when it was safe for them to come out for a talk. They say they have found the Japanese soldiers eager to talk and to hear the news, but still too much influenced by home propaganda and too afraid of what would happen to their families behind the lines to go over to the other side. Still, the work has not been useless. Many Koreans have crossed no man's land. Many Japanese have a new idea of why they have really been sent to China, and they will tell their comrades. The Japanese soldiers have always been friendly. "Only the officers are our enemies," say the Volunteers. "The men in the ranks certainly are not." This is their conclusion from much experience.

The Korean Volunteer Corps has not carried arms hitherto. Now it has received this right, and its name is being changed accordingly to Korean Volunteer Army. The Chinese High Command recently transferred this body to a new front where, intelligence reports say, the Japanese have driven great numbers of Koreans for military labor.

These men are not fighting for the effete Korea of the Lee dynasty, which was so weak that it surrendered the country to the Japanese without a fight. They are fighting for an independent democratic Korean republic; for universal suffrage for all Koreans, men and women, poor and rich; for an eight hour working day in the cities; for the protection and prosperity of the peasantry; for a fraternal alliance with all free and democratic Asiatic peoples and with all foreign countries willing to treat the new Korea as an equal. These points of the Korean national revolutionary program were promulgated during the great anti-Japanese demonstrations of June 10, 1926. They were the product of the same upsurge that gave rise in China to the unifying march of the Kuomintang armies from Canton.

As the Chinese believe that the final victory will be theirs, so the Koreans believe that they will yet win the independence of their country and the liberation of their hard-pressed people. And the leaders of both China and Korea-in-exile believe that today, their path lies together.



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Matsuoka Again Changes Tone with Violent Outburst in Denunciation of U.S. Attitude in the Pacific

Tokyo's Foreign Minister Yosuke Matsuoka, who astounded the world by the mildness of his review of Japanese foreign affairs at the opening of the Diet, last Sunday reverted to form, when before that body once again, he violently denounced the attitude of the United States in the Pacific.

The outbrust, which was followed on Wednesday by a complaint before the Lower House Budgetary Committee that Japan's aims in the Far East "were not understood," was made in reply to an interpellation, but was generally regarded as a direct answer to the testimony given by U. S. Secretary of State Cordell Hull before the U. S. House of Representatives Foreign Affairs Committee investigating the "Lease and Loan" Bill.

Matsuoka charged on Sunday that the U. S. had not only extended its defense frontier from the eastern to the western Pacific, but had included Australia and New Zealand therein according to a **United Press** message from Tokyo.

"It is outrageous that the United States should object to Japan's control of the western Pacific," Mr. Matsuoka said. "We must control the western Pacific.

"We must have the United States reconsisder its attitude, not only for Japan's sake, but for the world's. If this is impossible then we cannot hope for an improvement in Japanese-American relations.

"The fate of the world's civilization depends solely on the attitude of the United States. I intend to make every effort toward effecting American reconsideration to the last. I want it understood that this is impossible through flattery."

"World Peace"

Refuting Mr. Hull's charge that the Manchurian Incident had been the first step in the destruction of world peace, Mr. Matsuoka asserted that "the Incident was the first step toward the construction of world peace, through the establishment of the great East Asia coprosperity sphere."

"The U. S. authorities can understand it (the co-prosperity sphere) but purposely do not," the Foreign Minister continued. "We cannot change our national policy to endorse the American view.

"About 20 years ago there were only a score or so of people in America who said that China was the first line of defense for America. However, the opinion has gradually spread until it is firmly implanted among the country's influential classes.

No Restraint Wanted

"America's present assistance to Chungking is the outcome of this calculating mind. Truly speaking, genuine co-operation between Japan and China would not annoy the United States. However, the United States' fundamental policy is to restrain Japan through China, wherefore, even if Japan respected American rights in China, or withdrew her soldiers from China, it is impossible to change this American policy.

"Japan's course is to face this situation with strong determination," said Mr. Matsuoka.

He asserted that the Anglo-Saxon nations were eager to maintain the status quo in East Asia.

"However," he went on, "if the maintenance of the status quo were unfavorable for Japan, they would not hesitate to hold its modification. When the Chinese tried to destroy Japan's vested interests in Manchuria and Mongolia, which Japan had established at the risk of her people's existence, the Anglo-Saxons gladly encouraged the Chinese.

"This made the Chinese prouder and prouder until matters culminated in the Lukouchiao Incident (the outbreak of Sino-Japanese hostilities)."

Not Even They---

Even some Japanese are not able to understand the significance of Japan's aims, Matsuoka, declared on Wednesday. He admitted, states **Reuter**, that some assumed Japan's leadership in the construction of a greater East Asian co-prosperity sphere signified the domination of East Asia by Japan in a role of conqueror "or that Japan was dreaming of a policy of conquest."

Mr. Matsuoka conceded that the word leadership had an unpleasant connotation but, remarked: "I believe that all the nations and all the races within the East Asian sphere should feel sympathy towards our efforts to enable the nations and the peoples of this sphere each to take its proper place."

Japan would not oppose any country or any race seeking to establish leadership over some part of the world in order to guide mankind if "it was actuated by the same ideal as our race", Mr. Matsuoka said.

"If the United States proposes to realize the same ideal. I suggest they should devote themselves to such a task in the Western Hemisphere", he added.

Mr. Matsuoka remarked that the question then arose of "the ability and qualification of a ocuntry to bring it's efforts to a realization aside from a question of endurance."

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(Continued from Page 295)

face the possibility of a German invasion.

Describing the "unannounced brutal attack" on Norway, Mrs. Harriman said she had witnessed Norwegian confidence, then met the same sentiment in the U.S. "I fear for the ultimate safety of this nation," she said.

Mrs. Harriman said the totalitarian powers were trying to "dominate the seas."

Mr. Bullitt said there were numerous indications a heavy offensive was being planned against Britain and if Germany possessed a sufficient air force, actual invasion was unnecessary.

He said, however, he believed Britain, if the U.S. supplied sufficient aircraft to make her dominant in the skies, could win without U.S. participation in the war.

He declared he believed the Germans could not withstand bombings such as the English were taking, but revolt would come only with hunger and suffering.

Cannot Continue

Speaking before the Committee on January 28, Mr. Henry Morgenthau, Secretary of Treasury, states the **United Press** Washington correspondent, frankly declared that the Democracies—Great Britain, Greece and China—could not continue to fight unless Congress passed the Bill.

Indicating that his appraisal was based on the inability of those three countries to raise dollars for further purchases in the U.S., Mr. Morgenthau told the Committee, which was hearing testimony on the bill:

"Congress must weigh very seriously and question whether it wants Britain, Greece and China to continue to fight."

The Secretary of the Treasury bluntly informed the Committeemen that "I am convinced if Congress doesn't act on this bill there is nothing for Britain to do but quit fighting."

"The decision rests in the hands of you gentlemen."

Mr. Morgenthau said Mr. William Knudsen, chairman of the National Defense Commission, was endeavoring to place a new British order for 2,000 warplanes, for which production capacity was available but for which Britain possessed no funds.

Last War Debt

During interrogations, the Secretary of the Treasury revealed he did not expect Britain to repay its US$5,729,000,000 World War debt and hence the Treasury was prepared permanently to write off this sum.

"I did so some time ago mentally," he said.

Mr. Morgenthau revealed for the first time that frozen French assets here aggregated US$1,593,000,000, all of which have been sequestered since June.

"When the French collapse occurred in June, the British took over all French contracts in the U.S. British liabilities doubled. They were left to face Germany alone. Hence, the British began to lose gold dollar assets twice as fast after June as before.

The British "just haven't got the dollars" to meet their war purchases in the U.S. after the end of the current year, he declared.

His testimony thereafter largely was a repetition of previous declarations, in which he stressed British commitments here aggregated about US$1,400,000,000 compared to US$1,811,000,000 in "gold and silver exchange which the British regard as available for purchases in the U.S."

He said the war was costing Britain more than £12,000,000 per day—approximately 60 per cent of its national income—and was "steadily mounting."

He submitted to the Committee a tabulation of British assets which he previously had presented to the House Foreign Affairs Committee.

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Japanese Planes Roar Overhead, Japanese Interpreters Wrangle Over Indo-China, Thailand Peace Negotiations

Japanese planes droned over Cape St. Jacques on Wednesday as Japanese interpreters droned argumentively below over exactly what share Tokyo was going to obtain in Indo-China and Siam in recompense for her "intervention" in the Thai-Indo-Chinese war. Interventionists and belligerents met aboard the Japanese cruiser Natori at 6 p.m. on January 29. As a party it lasted exactly 30 minutes, both belligerents then retiring to figure out exactly what had happened.

Seven Japanese, six French and six Thai officials participated in the conference, in which the Japanese language was used. The Thai and French delegates used interpreters.

M. George Gautier, chief of the French delegation, said that French troops along the entire border "ceased fire" yesterday at 10 a.m. and that they did not fire a single shot after that hour.

The Japanese planes which hovered off Cape St. Jacques were from a Japanese aircraft carrier attached to the Japanese naval squadron cruising in the waters of that area.

A French official, however, said that the French authorities had granted permission to the Japanese to hold training flights over the area.

Comment Declined

He declined to comment, however, when asked regarding reports that the Japanese had asked for permission to fortify Cam Ranh Bay and also use the Saigon airfield.

Meanwhile, reports from Hanoi said that authoritative quarters there declared that the 3,000 new Japanese soldiers who arrived last Friday at Haiphong aboard three Japanese transports will replace the old Japanese garrison at Haiphong. The former garrison troops, however, will be transferred to Baoninh, northeast of Hanoi, and Haiduoing, south of Hanoi, the reports added.

Last Friday, the Japanese authorities announced that the new soldiers would relieve the troops statioed in Indo-China.

Although the reports of mediation through Japan are no more than anticipated by most sources, the affair would leave Japan at once free to shake the spearhead of her southward expansion in the direction of the Netherlands East Indies, a target on which she has been in the stage of drawing aim through the efforts of special Japanese delegate Mr. Kenkichi Yoshizawa to Batavia.

N.E.I. a Target

The Netherlands East Indies have appeared in a quandry as to which way to dodge, or whether to dodge at all. "Fear of Japan's Southward drive," declared the Batavia correspondent of the Nochi in a **Reuter** report of January 20, "preoccupies the minds of the colonists, inducing them to solicit British and American help." Later reports of reactions, as for instance that of the **Java Bode** January 22 in an editorial, were that the Netherlands East Indies considered it a "questionable honor in being called by Japan's Foreign Minister as one link in East Asia's co-prosperity sphere."

But Britain and America, if not in a quandry themselves, apparently were trying to out-stare Japan's menacing attitude or to wait for an obvious stroke by which they could say first blood had been drawn. America became in appearance if not in effect no longer a by-stander. Recent speeches by President Roosevelt and Secretary of State Cordell Hull have provided a definite stance, against which any obvious stroke on Japan's part would be a challenge.

Britain, in no position to threaten, seemed to be following up the assurances given her by Roosevelt's re-election by quietly pressing Minister Sir Joseph Crosby's friendly visits with Bankok's Thailand officials, and by attempting to frustrate Japan's enclosure of Indo-China through increased trade and shipping activity. At least Japan disturbs itself over this activity through **Domei** reports, in which it was stated last monday that British shipping firms have become increasingly active in Saigon and ports in northern Indo-China to circumvent Japanese inspection.

Japan Shakes Spear

Japan, however, did not need to draw blood with the spear, but continued to hold it high and shake it menacingly by such statements as **Reuter** reported Sunday by Ryo Watanabe, returned **Nichi Nichi** correspondent from the Indies, that Japan is urged to take "appropriate and decisive action" Obviously, the real blood-letting was being done by the legions of brisk Japanese business men and shuffling military "inspectors" that have poured into the Southern sections under the point of the shaking spear, and by the come-in-to-my-parlour economic missions entertained at Tokio.

Observing a fact which is neither "strange" nor a "phenomenon', but surprisingly true in effect, the **Nichi Nichi** correspondent goes on to state, "It is a very strange phenomenon that the Netherlands Indies whose home country has already collapsed in Europe is standing in front of Japan with arms akimbo, and equally strange is the present position of French Indo-China which has also lost its home country."

The fact is that Japanese imperialism merely has had to push over, sift through, or go around the rotting foundations of structures left by receding powers. In the case of Manchuria, Korea, and China, economic penetration preceded the spearhead and helped to fell the structure in the right direction. Southward there was the quicker need to penetrate a slowly-forming Anglo-American block, and the formula was reversed with the same effect.

Review of "Phenomenou"

A brief review of the success of the Southward thrust indicates the "strange phenomenon" that nullified to the point of apathy any attempts at opposition.

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The Japanese obtained their toehold in Tonkin at a cost so insignificant the incident was hardly news. French policy of peace at any price after Vichy capitulations was well suited to the softened colonial structure of Indo-China, and it took little more than a little mimicry of Germanic "sphere determination" and several cruising warships to obtain the agreement making it possible for Japan to dominate Tonkin with only 6,000 soldiers and a few planes.

The French record in Indo-China had not been a glorious one. Their rule had been meticulously aristocratic, with the right of conquest reserved strictly for the French on the old school colonial pattern. Nor had it changed in effect since 1858, when a Franco-Spanish fleet seized the two principal ports and forced the emperor to cede to France a large slice of Chochin-China. To the military it was an apathetic outpost "protectorate." To industrialists it was a docile resource of cheap labor and goods. To further its self-sufficiency was an idea born only of necessity in 1937, when work was begun modernizing the obselete military and industrial barriers to aggression.

Japan is replacing an old imperialism with a new of more insidious character, and is careful to make full use of the contrast. It is stated by a resident correspondent there, that within one hour after their first landing in Indo-China Japanese soldiers were mingling and fraternizing with crowds of Annamites who had turned out to watch them. Since then they have missed no opportunity to show their contempt for the white man and their "love" for their downtrodden fellow Asiatics of the sphere. That ninety percent of the natives are indifferent, through long experience, as to who rules them gives the Japanese a free hand over the 23,000,000 Orientals. Meanwhile the French are kept busy resisting Thailand.

Few Obstructions Found

Once French defeatism was dealt with, the Japanese found few obstructions. French land laws, trade restrictions, and red tape had effectively closed the door to foreign penetration. Long accustomed to not being wanted, American enterprises were rightfully slow to about-face and provide hurried shipments of planes and machinery. Shortly before its surrender to Japanese demands, the Indo-China government sent a commission to the United States to purchase 200 airplanes, but purposed to put up less than half the purchase price. The rest was to be guaranteed by rubber industries that were already thinking of easiest means out of a struggle. The mission failed. With the Vichy government ham-stringing orders from home, there was little choice.

Conditions confronting Japan in other Southern areas are not similar enough to warrant looking for similar success, however. Thailand, with territory to gain on the "French" Indo-China side, still has face to lose on the Britain-dominated other side. The Netherlands East Indies are floating islands without a home anchor, but they are far more self-sufficient economically than Indo-China. Given a temporary anchor, they might be inclined to weather the storm. Mr. van Mook, Economic Minister of the Netherlands East Indies is quoted as saying that "The Netherlands East Indies Government will not grant any economic privilege to any particular country, including Japan.'

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Japanese Take to Air as Land War Develops into Stalemate

With warfare in a stalemate along the entire China front, so far as the land forces were concerned, military activity was largely devoted to air raids by Japanese planes over much of Free China, including Chungking and other points in Szechuen and Yunnan provinces including sectors of the Burma Road.

Since the end of the Chinese year was approaching, which is a traditional time of checking-up, space in the Chinese papers was devoted largely to articles summing up the situation from various points of view, including the Japanese.

Gen. Chang Chi-chung, head of the political department of the Military Council at Chungking, said that the year 1941 "would bring China nearer to victory. He declared that the time was approaching when the Japanese Army "would not be able to return China's blows. The withdrawal of Japanese troops from Nanning, Kwangsi province, and the lull prevailing on other fronts indicated that Japan was nearing a collapse, in Gen. Chang's opinion. He thought that final victory, "was an absolute possibility in the not distant future."

Impartial economists and competent experts abroad, particularly in the United States, shared the opinion that Japan's advantages gained from the war were of questionable value. According to economists and technical experts quoted by the **United Press**, Japan has paid a heavy price in expenditure of gold reserves and loss of trade and shipping revenues, in trying to conquer China. Japan has shipped about US$700,000,000 to the United States since a Japanese minor military officer precipitated hostilities by conducting "night maneuvers" in the vicinity of Marco Polo Bridge on the outskirts of Peiping in July, 1937. And, this is but one phase of the tremendous cost of the war to Japan.

A Chinese war correspondent, who returned to Chungking from the front, told the **United Press** that the stalemate appeared likely to continue for many months. He said that Japanese troops could not possibly storm the hill and mountain positions held by Chinese sharp-shooters and machine-gunners. Since China lacks heavy artillery, it is equally unlikely that the Chinese troops will be able to dislodge the Japanese from strongly-built positions.

Suzuki Sees Long War

Belief that the China War, originally estimated by the Japanese as not lasting more than three months, would now be a "long war," was expressed by Gen. Jazuma Suzuki, former Commander of Japanese forces in China in a review of the wars—in the East and the West—published in Tokyo. He declared, "It is rash to conclude that the Chiang Kai-shek regime will crumble at an early date, although it has been greatly weakened." Owing to assistance rendered by United States and Britain, I believe the Chinese will continue to resist the Japanese for a long time to come," he stated.

The only battle of significance was near Ichang, important Yangtze port above Hankow and below the gorges. Here the Japanese appear to have taken the initiative and advanced with some 5,000 troops from Lungchuenfu, east of Ichang towards Lungwangtung, Sangchialing and Tutinai, supported by more than ten aircraft, on January 16. These forces, according to the Chinese, were repulsed. The attack was renewed with reinforcements supported by over 20 planes on January 17.

Reinforced by three fresh divisions, the Chinese engaged the Japanese in fierce fighting and as a result of counter-attacks, the Chinese claimed to have routed the enemy completely at Fensiangchang and Hwangkiachiang. Meanwhile, Fensiangchang and Hwangkiachang as well as Kwokiachung, Chutsungshan, Changkialing, Heiwaunad and Tientsushan were reoccupied by the Chinese. The Japanese suffered heavy casualties, it was claimed.

Persons arriving from occupied districts, were quoted in the Chinese papers, in Shanghai to the effect that the Shanghai outskirts might soon be the scene of guerilla activities due to the presence of considerable numbers of Chinese troops from western Chekiang and west shore of Lake Tai. The vanguards were claimed to have reached the vicinity of Wushing where Japanese soldiers are located. Severe fighting had continued for several days in the vicinity of Wushing, Tai Lake and Kashing, according to the reports. Another report quoting arrivals from Wuhu, stated that Japanse soldiers were conspicuous by their absence on the east front (Chekiang, Kiangsu and Anhwei) with the defense positions in some of the districts held by Nanking puppet troops. The same situation prevails in Nanking. The withdrawal of Japanese troops from occupied areas in Central China in large numbers was generally believed to be due to preparations for Japan's southward drive".

For the past two weeks, China's skies in some sections were "darkened" by Japanese aircraft, the objectives according to Japanese, reports, including it in southwestern Hupeh and Poyang in northwestern Kiangsi, on January 10; Poyang again on January 11; Yushan in northeastern Kiangsi on January 12; Kwangsi in the same area on January 13; and Chungking, Taping and Hochuan on January 14; Airdromes, station depots and railway lines were claimed to have been smashed up. Reports of civilians killed and properties destroyed will come later through other sources.

The Burma Road was again bombed on January 19 by Japanese planes operating from Japanese air-bases in French Indo-China. Both old and the new bridges carrying traffic across the Mekong River at Kungkuo were "apparently made unusable", according to **Domei** dispatches from Indo-China. Important Chinese tin smelters located at Kokiu in southeastern Yunnan were also claimed to have been bombed, at the same day.

According to **Reuter** from Chungking, eighteen Japanese planes, out of 27 which set out, flew over Chungking and bombed the industrial district to the west of the city on January 2. Despite frequent and violent enemy air raids over China's capitals, however, most shops doing business in Chungking have shown a profit in their transactions during the past year. More air-raid shelters are being built in Chungking under the supervision of the Air Defence Headquarters, in anticipation of further intensified Japanese air raids with the end of the "mist season." The existing shelters are capable of accommodating 240,000 people. With the construction of new shelters, 350,000 will be accommodated.

Interest in the disbandment of the New Fourth Army appeared to have receded somewhat although complaints from both sides—Kuomintang and Communist—appeared in the newspapers.

The trouble concerning the New Fourth Army began last July, according to an article in the influential **Ta Kung Pao** at Chungking on January 21, stating that "the affair was not a surprise." Quoting a telegram from Generals Ho Ying-chin and Pai Chung-hsi, Minister

Democrat

General John Metaxas, Greece's "Soldier of the People," died in his 69th year at Athens on January 29, as his gallant army reached the peak of its drive into Albania. Metaxas, who failed to survive an operation of the throat, was spared what was generally regarded as the inevitable spending of his forces in Albania, Britain's stalemate in Africa, the bestial threat of Germany's spring assault on Britain, at which, according to latest expert opinion, the Nazis are planing to fling their last bomb, their last plane, their last man.

and vice-Minister of War respectively addressed to Red leaders, the paper gave details of recent clashes between Government troops and the New Fourth Army.

According to the telegrams, the battle resulted in the withdrawal of Gen. Han Teh-ching towards Tunghai, the New Fourth Army continuing in pursuit. It was then that the Central Government decided to move the New Fourth Army north of the Yellow River. The orders were ignored. Some of the troop moved northward to designated places, but the bulk of the army marched south, stated the article and continuing, the writer said, "We earnestly hope that General Yeh Ting will be given lenient treatment, and that the Government will settle the whole problem with the utmost care so that no unnecessary complications and aggravations of the situation will arise."

Contrary resports concerning the New Fourth Army move revealed by "informed quarters" indicated that while some of the New Fourth Army men crossed the Yangtze, the sections that were attacked by the provincial troops allegedly were ordered to cross at a place known to the Japanese. In the meantime, the provincial troops were alleged to be waiting on the north bank to destroy them. Again, the New Fourth Army complained that it had received no money for months, had no winter uniforms or blankets suitable for a move northward, no ammunition to protect themselves from the Japanese or others. They had but one thing to face: "annihilation if they obeyed that order," stated the reports. The question of Sino-Russia relations resulting from the New Fourth's disbandment aroused widespread interest. However, a spokesman at Chungking, quoting an authority who recently arrived in China from Europe believed that the incident would not affect Russian aid to China.

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

January 12

Sino-Soviet barter agreement negotiations were completed at the end of December, according to the **Sao Tang Pao** the Chinese army organ, which states that the Sino-Soviet barter agreement is divided into three sections. The negotiations for the agreement by sections were started last July.

An early and simultaneous offensive by Germany and Japan in Europe and Asia, is predicted by the special diplomatic correspondent of the official **Central Daily News.** Japan's move is believed to be directed in the Pacific and also in the Southern Pacific partly to carry out her southward expansion plan and partly to support Germany.

⁂

January 13

Vigorous support of the Nanking government was advocated by the influential **Asahi Shimbun,** which pointed out that general peace in China can not be achieved unless President Wang Ching-wei's administration "is shown to be not as powerless as Chungking and Anglo-American detractors purport it to be."

General Chu Ching-lan, member of the War-Time Relief Commission, died in Sian. He was 69 years old.

Japanese were said to resume the through express train between Shanghai and Peiping, suspended since the capture of Shanghai in 1937, some time this October, a **Reuter** report from Peiping said.

Belated reports received by **the China Press** revealed that a toll of 90 lives was taken by Japanese aerial raiders on January 6 when they severely bombed ferry boats leaving Haiyen in south Kiangsu for the north Chekiang coast.

Mr. Lu Tso-fu, Vice-Minister of Communications, will head the new Government Price Stabilization Enforcement Bureau, **Reuter** learns in Chungking.

Japan's national debt in the form of domestic and foreign loan bonds at the end of last year totalled Y.22,253,200,000, according to an official announcement by the Ministry of Finance made in Tokyo.

The Burmese Government Mission to the Chinese Government, composed of prominent leaders of the Burmese government, is expected to arrive in Chungking today. Problems of communications between Burma and China will be dicussed.

⁂

January 14

Nine Japanese planes bombed Chungking's southern suburbs while a lone plane machine-gunned the city's airfield. Nine other Japanese planes bombed Hochwan, 100 kilometers north of Chungking.

Chinese saboteurs recently blew up the Yueh-han bridge, a 1440 span at Puchi, the longest bridge in the Hupeh Hunan section.

The proposed creation of the "United States of Asia" on the basis of federalism was deprecated by the Japanese Cabinet, revealing the "new Order" to be under Japan's hegemony.

A Japanese warplane machine-gunned and set fire to a Stimson passenger plane of the China National Aviation Corporation at Chungking. No casualties were reported.

⁂

January 15

The first immigration bill in Hongkong's history—designed to control Chinese immigrants—went into effect. In the future, permits will be required for immigration.

Japan's air defense system is to be thoroughly reorganized in order to cope with the increased destructive power of the air arm, a **Reuter** report from Tokyo stated.

Dr. H. H. Kung, in reviewing the growth of the Chinese Industrial operatives said that the movement was begun in March, 1939 with 246 units and 3,600 members. At the end of 1939 there were 1,234 units and 15,600 members. Now there are 2,000 units with some 30,000 members, The units are organized in 16 provinces and produce about $12,000,000 worth of goods monthly.

Many were slain in Hankow rice riots as a result of the terrific rise of food prices.

Shanghai Chinese reports stated that Shanghai outskirts may soon be the scene of guerilla activities if Chinese mobile units now operating in the Tai Lake area in Central Kiangsu keep up their victories over Japanese and Nanking-controlled troops. Sanguinary battles were said to be raging for several days in the vicinity of Wushing, Tai Lake and Kashing.

⁂

January 16

The Chinese Government has reopened conversations with the British and Burmese Governments to enlist active help for construction of a Yunnan Province railway to supplement the motor (Burma) road, The question was known to have recently been discussed between the Chinese Ambassador to Great Britain, Dr. Quo Tai-chi, and the British Under-Secretary of State, Mr. Richard Butler.

A stalemate for months appears likely between Chinese and Japanese forces is predicted by a Chinese war correspondent who returned to Chungking after an extensive tour of the Sino-Japanese war front.

According to the "Ta Kung Pao" report, negotiations are now in progress between the Chungking regime and the British Government for the conclusion of a barter agreement similar to that recently concluded between Chungking and Moscow.

Commenting on the present Sino-Japanese war situation and the term "victory year" used by Chinese official quarters and press, General Chang Chi-chung, head of the Political Department of the Military Council at Chungking, stated recently at a press interview that China was nearing the opportunity of victory in this year, although the day of final victory might not fall in this year. General Chang stated that the final victory was an "absolute pos-

sibility" and that it would be realized in the not distant future. Explaining the term "final victory," General Chang said that it would be a time when "Japan would not be able to return a blow dealt by China."

⁂

January 17

The Communist New Fourth Route Army has been disbanded because it revolted against Central Government troops and attacked them after failing to obey Chungking's orders to move north across the Yangtse, the National Military revealed, **United Press** reports from Chungking stated. General Yeh Ting, Commander of the Army, is said to be arrested, while the Deputy Commander, General Hsiang Ying, is still at large.

⁂

January 18

Reaction by Chinese Communist leaders in Chungking to the disarmament and disbandment of the New Fourth Army indicated that it was their intention to foil Japanese hopes for a wide-open split between the Communists and Central Government and crumble the United Front. Chou En-lai, the Communist Party's liaison officer in Chungking, expressed regret over the incident, but said that he would do his utmost to prevent further friction. Approval of the Government's decision was expressed in the Chinese press circles, both in Chungking and Shanghai. They are generally of the opinion that the measure was motivated solely by the necessity of maintaining discipline and respect for orders given by the High Command and was in no way connected with any political considerations.

Sailors Given 90 Days for Ripping Swastika

Two American sailors, Harold Sturtevant, 22, and E. G. Lackey, 20, were given jail sentences of 90 days each in the San Francisco Municipal Court on Jan. 24, for ripping down a Swastika flag from a flag-pole on the German Consulate-General on Jan. 18, 70th anniversary of the founding of the German Reich. The sentences, however, were suspended when the men were turned over to the U. S. Naval Authorities, who assured the Police Court Judge that the men would be punished in accordance with circumstances.

The Nazi authorities have not Commented on the comparatively light sentences received by the men. The German Government lodged a protest with the State Department when the incident occurred and the Berlin spokesman declared that the incident "was an insolent and provocative insult to the German colors." The action of the two youths in removing the flag attracted widespread attention as one of the youths lowered himself from the top of the 10-story building where the Nazi Consulate-General is located, and then climbed out on the pole and cut down the flag, which was flying from the 9th floor. The sailors were attached to the destroyer Craven and wore civilian clothes. The Germans demanded "drastic punishment and assurances there would be no further interference with their flag over official buildings in the U. S. Later the proprietor of the building where the Consulate-General is located, notified the Nazis that the lease would not be renewed.

Two associations of World War veterans in San Francisco obtained the release of the sailors on bail through habeas corpus procedure, when they were arrested, the associations contending that the display of the Nazi flag in America is illegal, the veterans arguing that the law makes it a felony to display any emblem as an aid to the propaganda of any organization advocating the overthrow of the United States government and stated that Hitler advocated the overthrow of all democracies.

Who's Who in China

Miss Chang Chi-yuan, journalist, born in Pah District, Szechwan, 1912; graduate, Lih Dah College and the National China College, Shanghai:

Chang Chi-yuan
張志淵

graduate, Faculte des Letters, L'Universite de Strasbaurg; now, reporter of the Sin Shu Pao (The New Szechwan Journal); Author of: "Girls in the Northeastern Anti-Japanese Joint Army," "Eagle and its slaves," and translator of many books; address: Sin Shu Pao (The New Szechwan Journal), Pai Siang Street, Chungking.

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Men and Events

Hjalmar Collin, Danish Minister, arrived in Chungking, from Hongkong, on Jan. 22.

*

A report from Chengtu, capital of Szechuen on Jan. 22 stated that through highway transportation between Szechuen and Shensi provinces, would be formally inaugurated on Feb. 1.

*

Domei reported on Jan. 23 that negotiations between Manchukuo and Spain for a trade and navigation pact had been successfuly concluded. The negotiations started in June last year.

*

Commander Luigi Neyrone, former Italian Consul-General at Shanghai, has been appointed the first Italian Minister to Manchukuo. He presented his credentials to Emperor Henry Pu-Yi on Jan. 23.

*

Pedro de Ygual, Spanish Consul-General at Shanghai, has been appointed the first Italian Minister to Manchukuo. He presented his credentials to Emperor Henry Pu-Yi on Jan. 23.

*

The Nanking Special Municipality has also announced its intention of establishing a new bank, which will be located on the site formerly occupied by the Kiangsu Bank and will be known as the Nanking Municipal Bank.

*

Prof. Clarence B. Day, Ph. D. will lecture on the subject, "Popular Cults in China," at the Royal Asiatic Society at 5:30 o'clock p.m., on Jan. 30. The lecture will be illustrated. A. H. George, British Consul-General, will preside.

*

Chen Tao-hsia and Yu Hua, representatives of the Ministry of Communications, arrived in Chungking on Jan. 20 following an inspection of post offices in the northwestern provinces, announced that plans had been made for an early improvement of postal transmission in the northwestern areas.

*

Representatives of the Sino-American China National Aviation Corporation arrived in Calcutta India, by special plane on Jan. 20 for the purpose of negotiating with the Indian authorities at Delhi for the establishment of a regular air mail and passenger service between Hongkong and Calcutta.

*

The National Government is contemplating construction of another "Burma Road" to India, according to a **Havas** message from Chungking. The road will utilize a highway already leading to Kangting, capital of Sikang, from which point an extension will be built to Sadiya, in northern India, which is the terminus of a railway from Calcutta. Surveyors will be shortly sent to map the course to be followed, stated the report.

*

A network of new telegraph lines approximating 1,000 miles in length has been constructed in the five provinces of Kiangsu, Chekiang, Fukien, Kiangsi and Anhwei, by the National Government, according to **Kuomin** report from Chungking on Jan. 23. The report stated that radio-telephone services also have been established in these provinces with the central stations at Chungking, Kweilin and Chengtu. Both telegraph and long-distance telephone services are also maintained between the five provinces and Sian, capital of Shensi.

The Japanese Embassy in Nanking has recently "reinforced its activity" by establishing a secretaries' office, a political affairs bureau, and an economic affairs bureau, according to **Domei.** In addition the Embassy will maintain central and north China liaison offices of the Army and Navy High Commands.

*

Anothony J. Drexel-Biddle of Philadelphia, former American Ambassador to Poland, has been appointed Ambassador to all emigree governments which have been established in London. He will serve as Ambassador to Poland, Netherlands, Belgium and Norway, stated the report.

*

There are now 732 beggars in the Salvation Army Beggar Camp, according to a report of the Municipal Council last week. Of this number, male drug addicts number 78; female drug addicts number 35; blind 37; minus legs 22; paralytic 2; dumb idiot 1; sufferers from chronic skin ailments 195. The camp began recruiting beggars, chiefly from the downtown districts of the International Settlement on Jan. 1.

*

The so-called British Indian Independence League of Japan, meeting under the chairmanship of Rus Rehari Bose, on Jan. 20 passed a resolution "condemning the United States as a selfish, warlike nation" and demanding that Japan take steps necessary to "defend the right of independent survival of Asiatic races." The foregoing report was circulated to the Shanghai newspapers by the official **Domei** service on Jan. 20. The message said that Indians had adopted the resolution, following receipt of reports of testimony given by high American administration officials before Congressional committees on the question of extending assistance to Britain.

Dr. Eugene Dubois, discoverer of the Java "Ape Man," and the "Wadjak Man," ancestors of Australian aborigines, died on Dec. 16 at Haelen, Netherlands.

*

The meticulous Nazi **Transocean** news service reported on Jan. 23 from New York that a U. S. Army sergeant had been arrested on suspicion of having betrayed military secrets concerning the Panama Canal Zone. The arrest was said to have been made at Balboa. The name of the man was not given.

*

The authorities of Kwangsi province have banned the production of Chinese wine for the duration of the war, the purpose being to conserve rice supplies. Anyone found guilty of brewing wine from rice will be subject to a fine of $500 and will have both his wine and brewing apparatus confiscated.

*

The Japanese paper, **Tairiku Shimpo,** reported on Jan. 19 that 33 prospecting "squads" including mining experts, surveyors, interpreters and assistants, which had been making an inspection on Central China on behalf of the Japanese monopoly concerns, Asia Development Board, Central China Mining Company and affiliated organs, had reported the country along the basin of the Yangtsze as "rich in minerals," including an extensive vein of alluvial gold in the vicinity of Yochow on Tungting Lake. The Japanese also claimed they had discovered rich deposits of manganese in the vicinity of Mount Fenghwangshan in southern Kiangsu. A large vein of iron sulphide was discovered at Nanshan in Anhwei "which included several hundred million tons of mineral which is most needed in Japan in the present emergency. Other minerals discovered included deposits of copper and tungsten.

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Pedro de Ygual, Spanish Consul-General at Shanghai, has been recalled and shortly will return to Madrid, according to an announcement last week. Krik Kronvall, Acting Consul-General for Sweden, has also been transferred to another post.

•

Chiang Fu-chung was appointed Director of the National Central Library by the Executive Yuan of the National Government on Jan. 22. Other appointments during the week, according to **Kuomin** reports from Chungking, included the following: To the National War-Time Relief Commission, Yao Kwang-nai, Secretary; Sun Li-sheng, Director of the First Department; Sun Ya-fu, Acting Director of the Second Department; Hu Mai and Wang Li-cheng as Counsellors of the Commission; Kwei Chin-chiu, who is a member of the Anhwei Provincial Government Committee, was appointed concurrently to serve as Commissioner of Finance, in place of Yang I-tsu who resigned to accept another post; Tan Shou-chiao and Liu Chen-tung were appointed director and deputy director, respectively of the Anhwei provincial food administration, and Chow I-ao was appointed Director of the Anhwei Food Control Department; Li Chun-tung was sworn into office as Director of the Fukien Provincial Statistical Bureau; Chung Ke-to appointed member of the War-Time Relief Commission in place of Wang Hsiao-lai, who resigned in order to accept another post; Tsui Tsi-yang and Chiang Chi arrived at Shuichow to inspect work of colleges and universities in Kwangtung; Chang Chou appointed Secretary of the Kiangsu Provincial Auditing Department; Hsiang Chuan-i appointed Chairman of the Szechuen Provincial Assembly in place of Li Pai-shun, who has been transferred to the position of Chief Secretary of the Szechuen Provincial Government; Sung Tso-sun appointed Vice-Chairman of Anhwei Provincial Assembly in place of Ma Ching-chang, who was transferred to another post; Ma Hsing-ting appointed Special Administrative Commissioner for 4th area of Anhwei to serve concurrently as Peace Preservation Compander; Prince Chi-Chun-Feng, Jassak of the Hsikung Banner of the Ordos League in Suiyuan, arrived in Chungking to report on the Mongolian situation to Gen. Wu Chung-hsin, Chairman of the Mongolian and Tibetan Committee; Mao-Pu-Hsin-Te-Li-Ko appointed Sectional Chief of the Local Autonomy Political Affairs Commission for Mongolian Leagues and Banners in Suiyuan; Fu-Ning-A also appointed Sectional Chief of Mongolian Leagues in Suiyuan; Shao-An-Pa-Ta-Tu appointed Chief of the Health Section of Local Autonomy Affairs Commission of Mongolian L3geus in Suiyuan and Yu-Erk-Ko-Ta-Lai appointed sectional Chief of Civil Affairs Department of the Commission for Mongolian Leagues and Banners in Suiyuan.

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Edgar Snow, well known writer on Chinese and Far Eastern subjects, who recently was in Shanghai, has returned to the United States by clipper plane from Hongkong. A new book dealing with the present situation in the Far East, which Mr. Snow has just completed, is scheduled for publication in the spring. Mr. Snow, who also has a new book scheduled for early publication, departed for the United States several weeks ago.

*

A report from Washington last week stated that the American Red Cross was shipping 60 trucks to west China for use in transporting foods and medical supplies sent to China by the Red Cross. According to a report issued by the national headquarters in Washington on Dec. 23 last, the organization expended US$908,519.47 in China between 1935 and July 1, 1940, but the expenditures for food and medicines since that time had reached a total of US$1,000,000.

*

Japanese subjects ,particularly Army and Navy officers, will not be permitted to travel on Pan American Clipper Planes crossing the Pacific, according to a French **Havas** message from Tokyo on Jan. 19. The report was published in the Asia and was based on information received in Tokyo from San Francisco. It was stated that a Japanese naval officer recently had booked passage on the Clipper Plane, but the Company informed him that his booking could not be accepted. The Japanese officer had been in Washington and had informed the Navy Department of his intentions. The report said the reason for the American action was to prevent Japanese from observing armaments at Guam and other Pacific Islands where aviation and submarine bases are being developed.

Shiroshichi Kimura, Third-Secretary of the Japanese Embassy, has been appointed Japanese Consul at Hongkong.

*

Major Evans F. Carlson, who recently made a trip through the central and western Chinese provinces on behalf of the American Committee for the Chinese Industrial Cooperatives, has returned to the United States. Maj. Carlson covered some 4,000 miles in Kwangtung, Kiangsi, Fukien, Chekiang, Anhwei, Hunan, Kwangsi, Kweichow and Szechuen on the present trip, travelling by motor bus, river boat and afoot. He returned home by clipper plane. Major Carlson is now devoting his time to writing and lecturing. His home is at Plymouth, Mass.

*

A dozen years ago Japanese propaganda disseminated in the United States, Australia, Canada and elsewhere made much of over-crowded conditions in Japan. The Japanese had two objectives—to induce occidental countries to permit Japanese immigration, and to justify Japanese policy of aggression on the Continent. Last week the Tokyo Cabinet approved a "long-range" population program, with the object of increasing Japan's population from the present 70,000,000 to 100,000,000 in the next 19 years. This Japanese population would be distributed from Japan proper to Manchukuo and China and one-fourth of the entire population would be restricted to farming. The report stated that a quota of five children for each family had been set and in future the Government would ban the use of contraceptives and other methods of birth control and drastic regulations would be adopted to prevent abortions.

Dr. Daikichiro, 72-year old member of the Lower House of the Japanese Diet and President of the Meiji Gakuin School in Tokyo, was sentenced to a term of four months in jail, with a three year stay of execution, following his conviction on Jan. 16 of violating Article 99 of the Japanese Army Penal Code. Dr. Tagawa, who is a prominent Christian, was accused of spreading "fabricated rumors" in the course of addresses which he delivered before the Kansai Economic Club in Osaka and the Chuba Economic Club in Nagoya. The **Domei** report from Osaka reporting the foregoing, added that James R. Young, former manager of Hearst's International News Service in Japan, was convicted on a similar charge last year. **Domei**, however, failed to state that Mr. Young's alleged violation of the Army Code was not in Japan, but while he was on a trip of investigation to Chungking.

Chiang Confident In Gould Interview

"General Chiang Kai-shek's attitude was never more serenely confident than it is today," were the words describing an interview with Free China's Generalissimo by Randall Gould, editor of the Shanghai Evening Post and Mercury who was in Chungking recently.

"He is a man of great vitality," Mr. Gould continued in his special article to his paper on January 22, "yet he expressed this, not in the exuberent style of a Teddy Roosevelt or a Mussolini, but rather in the classic Chinese attitude of an unfearing relaxation beneath which there is readiness for any necessary action."

Supplementing expressions of optimism and confidence that have been growing in stature within Free China, the editor went on to point out that in watching closely the varying fortunes of General Chiang, through the first trying years of moving from place to place, then to temporary capitals and finally to a permanent base, he has seen events and capacities make of the leader the one man who today holds within his grasp the loyalty and unquestioning obedience of a quarter of the world's population.

Yet, though he has had dictatorship within his scope, the General was found by Gould to have "mellowed and developed with the years into a figure of greatness in the democratic pattern." In answering questions along this line, regarding China's future and her relationship to America, the General said,—

"The Chinese character is democratic and China as a nation has cast her lot with the democracies. China chose this course before the war; she has persisted in it through the war, and she will continue the democratic course in the future."

Because of his former connection with Shanghai, the General had questions to ask in turn of Mr. Gould. After expressing his confidence in Free China sympathizers in the "isolated island" city, as it is called there, General Chiang commented at some length on the appreciation felt by the Central Government for the attitude expressed by publications in Shanghai.

"You have had some troubles," he said, "because of your independent stand, we realize. We feel that you have shown great courage in standing for what you believe to be right and for presenting your news and editorial views without wavering through fear of violence directed against you."

New Books of Interest in the Far East

Essay On English Muddling

WHY ENGLAND SLEPT, by John F. Kennedy, foreword by Henry R. Luce; published by Wilfred Funk, Inc., New York City; 252 pages, price US$2.00.

For one so young, the son of the American ex-Ambassador to Great Britain has wrought an excellent even though profound essay on English muddling during the years from the rise of Hitler to the outbreak of the European phase of the Second World War. Mr. Luce, editor of **Time, Life and Fortune,** also puts in some pungent lines, but he seeks mainly to use the evidence presented by Mr. Kennedy for a case against labor demanding that such social gains as manifested by the New Deal must be maintained even during rearmament. Under certain conditions, to be sure, labor may have to make many sacrifices, but only when none have the luxuries that Mr. Luce enjoys can there be justification for talk of reduction in social services for the masses.

Actually, as Mr. Kennedy shows, labor must bear a lot of the responsibility for the plight of England,—but only because it shared the delusion of others, notably the Baldwin Government, about the League of Nations and Collective Security. And labor was certainly on as sound ground as the government in opposing the government's policy in Spain.

On the other side, the manufacturers sought to use the urgency of rearmament to lower labor standards. Also—and here is something of vital significance,—the English economic system was not capable of matching Hitler's effort unless it was radically changed. It has been estimated in authoritative circles, Kennedy says, that Hitler spent anywhere from US$50,000,000,000 to US$100,000,000,000 in building up Germany's armaments, but he saved Germany from severe inflation by rigid state control. "How, therefore," asks Kennedy, "could England have hoped to match his effort? When England's government revenue was less than US$5,000,000,000 a year, she could not hope to do so over a very long period of time without going bankrupt. She, too, would have had to initiate rigid state control to prevent inflation and that would have been the end of capitalism and democracy."

Kennedy, of course, reveals a sophomoric confusion between capitalism and democracy. They by no means necessarily go together: one may easily exist without the other. There may be negation of property rights without infringement of personal rights. Specifically, there can be socialization of wealth by either a democratic state or a totalitarian dictatorship, and the real point of what Kennedy says is that England could not both retain her "free" capitalistic economy and match Hitler in rearmament. Whether or not democracy continued, or will continue, was and is a question of political, not economic, setup.

There would not, however, have been any need for British rearmament if had not been for the widespread stupidity, apathy and prejudice—from labor to lord—which prevented any **national** realization of the menace of Hitler and the consequent need of cracking down on him in time. Nor can there be any doubt that Hitler could have been nullified without war up to and including his reoccupation of the Rhineland on March 7, 1936. The crime of Baldwin, as Luce correctly says, was in his failure either to march with France into the Rhineland or to start arming the empire to the teeth. Instead, Baldwin told Parliament on November 12, 1936, that in the general election of the previous year he could not "think of anything that would have made the loss of the election from my point of view more certain" than advocacy of rearmament. Here is a perfect measure of both Baldwin and the English people of the time.

Prior to Munich, indeed, Winston Churchill was virtually the only British leader of any faction who showed any prescience of the signficance of Hitler. Chamberlain had what Kennedy correctly calls an essentially "business" mentality, and he "could not understand how any problems could possibly be settled by a war.' He was probably wholly sincere in thinking that appeasement was possible. In any event, with reference to Munich, young Kennedy gives essentially the same view as that expressed by his father at the time in one of his famous "off the record" remarks to American journalists in London: "Right now England couldn't lick a good sized police force." Kennedy also cites that the bulk of the English people felt "It's not worth a war to prevent the Sudeten Germans from going back to Germany," but he concludes that "Munich was inevitable on the grounds of armaments alone."

The chief purpose of Kennedy's essay is to psychologically aid American rearmament, and none can dispute his thesis that "we must always keep our armaments equal to our commitments." The greater question is what commitments beyond the defense of the American are worth the burden of armaments.

W.B.

UNDERGROUND

IRON BREW: A Century of American Ore and Steel. By Stewart H. Holbrook. New York, The Macmillan Company, 1939. 337 pages; index and short list of references. U.S.$2.50.

Mr. Holbrook's book is a study of the history of American ore from its discovery in the mountain ranges south and west of Lake Superior to the recognition of CIO by the United States Steel Corporation in 1937. The industrial Northwest had its "boom" towns—Hibbing, Virginia, and Duluth—as did the Southwest and West. "As for the miners they knew little of what became of their ore, once it was dug and put into a ship....When the ore had left the mines it went out of their lives." There might have arisen in Michigan a new Pittsburgh, an iron-making center close by the iron-mining center; but the building of the Soo Canal made that unnecessary, and so the ore was carried in ships built of steel,

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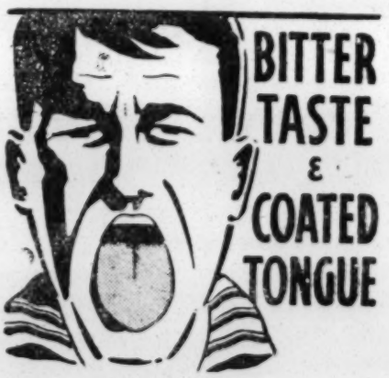
painted red and called "red bellies", to the ore-hungry cities of Pittsburgh and Youngstown. Today there are some three hundred and fifty such vessels and a single ship can carry as much as 14,000 tons. A ship can be loaded in less than two hours—through hopper pockets along the dock. Unloading into cars takes longer but is also rapid, performed by mechanical arm devices each of which can lift fifteen tons of ore out of the hold of the ship at one time. Color and romance are given to Mr. Holbrook's account, and there are plenty of dramatic episodes, such as the Milford Mine in 1924, the Barnes-Hecker Mine in 1926. Part I is the story of ore; Part II is the story of steel. William Kelly of Kentucky shared with the Englishman Bessmer the discovery of the process of blowing a blast of cold air in a 'converter' to turn iron ore into steel.

Interesting is the excerpt from the Pittsburgh Gazette of Nov. 2, 1849 which reads:

"A messenger boy of the name of Andrew Carnegie, employed by the O'Reilly Telegraph Company, yesterday found a draft for the amount of five hundred dollars. Like an honest little fellow, he promptly made known the fact, and deposited the paper in good hands where it awaits identification."

The honest little fellow was destined to make a name for himself in the history of American iron and steel. More grim an episode was the Homestead Strike of 1892, and the 1919 Steel Strike in which Judge Gary stood out successfully for that principle of the American **ancien régime**: "Can I not do what I wish with my own?" Little wonder that the decision of U. S. Steel to recognize the CIO was a bolt from the blue and marked a new era.

D.R.



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PUT LIVER WRONG RIGHT.

In the United States Court for China

BENJAMIN KAY WONG, *Plaintiff*,
vs.
SELMA JAMES WONG, *Defendant*.

Cause No. 4566
Civil No. 2445
ORDER
Filed at Shanghai, China,
Jan. 11th, 1941
WILLIAM T. COLLINS
Clerk.

The object of this suit is an action for divorce for the dissolution of the bonds of matrimony between the parties hereto.

WHEREAS, plaintiff herein, by his attorney, has this 11th day of January, 1941, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 10th day of January, 1941, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 9th day of January, 1941, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China, nor has she resided therein for more than six months last past from said date, and that defendant's last known address was c/o Nanking Restaurant, 66 West Randolph Street, Chicago, Illinois, U.S.A.

NOW, THEREFORE, it is this 11th day of January, 1941, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 1st day of February, 1941, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:
Dated at Shanghai, China,
this 11th day of January, 1941.
Leighton Shields,
Attorney for Plaintiff.
MILTON J. HELMICK,
Judge.

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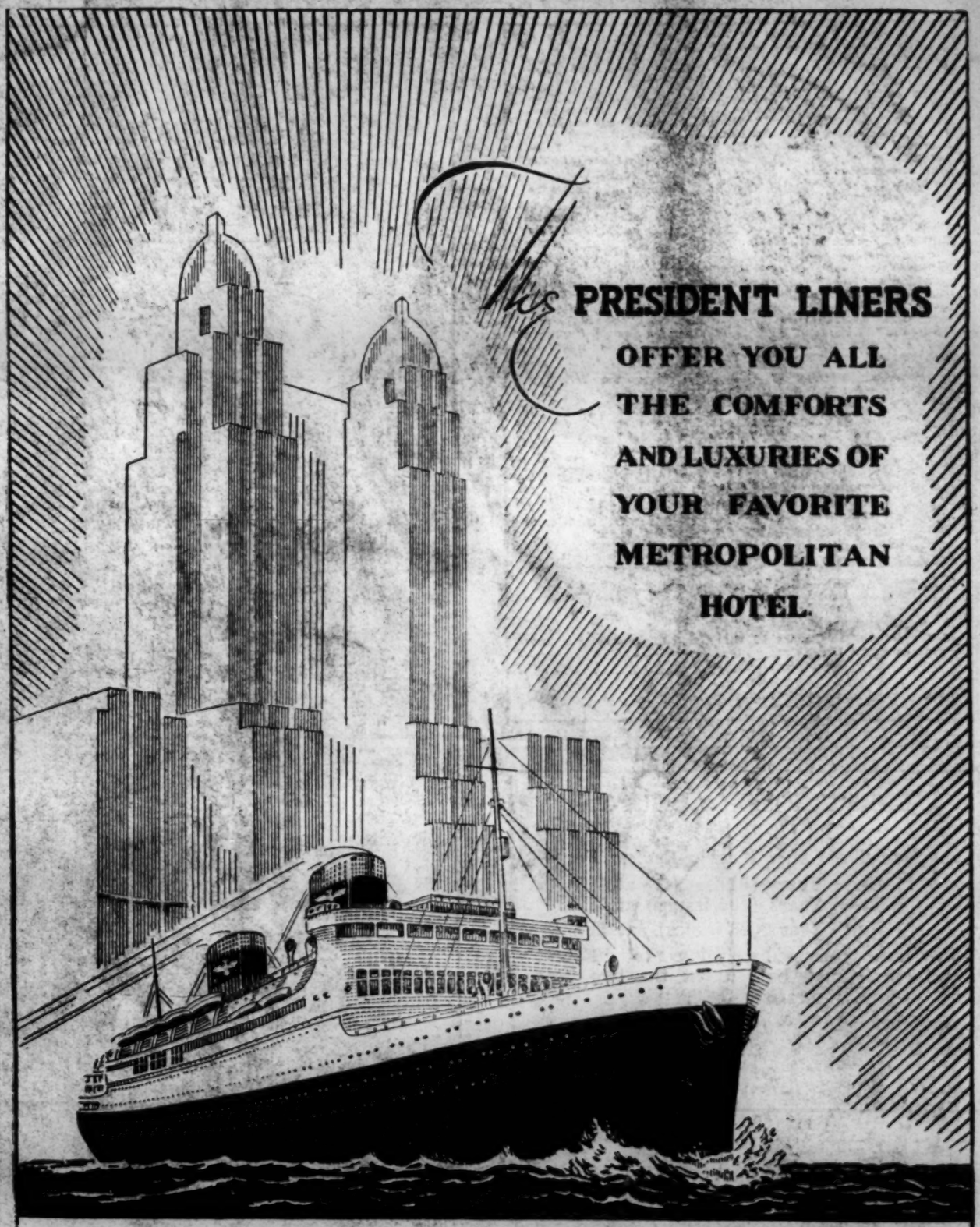

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